

# भारत का राजपत्र The Gazette of India

EXTRAORDINARY

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PART II—Section 2

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन  
के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on the 28th February, 1989:—

BILL NO. 11 OF 1989

*A Bill to give effect to the financial proposals of the Central Government  
for the financial year 1989-90.*

Enacted by Parliament in the Fortieth Year of the Republic of India as follows:—

### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Finance Act, 1989.

(2) Save as otherwise provided in this Act, sections 2 to 33 shall be deemed to have come into force on the 1st day of April, 1989.

Short  
title and  
com-

### CHAPTER II

#### RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), assessment year commencing on the 1st day of April, 1989, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

Income-  
tax.

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to [REDACTED] that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of eighteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that the amount of income-tax so arrived at shall, in the case of every person having a total income exceeding fifty thousand rupees.

be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

43 of 1961. (3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that in respect of any income chargeable to tax under section 115B or section 115BB of the Income-tax Act, the income-tax computed under section 115B or section 115BB shall be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(a) in the cases to which the provisions of sub-item (a) of item 1 of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(5) In cases in which tax has to be deducted under section 194C of the Income-tax Act, the deduction shall be made at the rates specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such deduction.

(6) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rate specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such collection.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that in respect of any income chargeable to tax under section 115B of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such "advance tax".

(8) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of eighteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(9) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company within the meaning of clause (18) of section 2 of the Income-tax Act, and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1989, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of the Act;

(c) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Income from house property", "Capital gains" and "Income from other sources" or of income by way of interest on securities;

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived,



of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

### CHAPTER III

#### DIRECT TAXES

##### *Income-tax*

Amend-  
ment of  
section  
2.

3. In section 2 of the Income-tax Act [as amended by section 3 of the Direct Tax Laws (Amendment) Act, 1987], in clause (1A), the following *Explanation* shall be inserted at the end and shall be deemed to have been inserted with effect from the 1st day of April, 1970, namely:—

4 of 1988.

*"Explanation.*—For the removal of doubts, it is hereby declared that revenue derived from land shall not include and shall be deemed never to have included any income arising from the transfer of any land referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of this section;".

Amend-  
ment of  
section  
10.

4. In section 10 of the Income-tax Act,—

(a) after clause (14), the following clause shall be inserted, namely:—

'(14A) any income received by a public financial institution as exchange risk premium from any person borrowing foreign currency from such institution, provided the amount of such premium is credited by such institution to a fund specified under clause (23E).

*Explanation.*—For the purposes of this clause,—

(i) the expression "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

1 of 1956.

(ii) the expression ~~exchange risk premium~~ means a premium paid by a person borrowing foreign currency from a public financial institution to cover the risk which may be borne by such institution on account of fluctuations in exchange rate of foreign currencies borrowed by such institution;'

(b) in clause (15), in sub-clause (iv), after item (h), the following item shall be inserted with effect from the 1st day of April, 1990, namely:—

“(i) by Government on deposits made by an employee of the Central Government or a State Government, in accordance with such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, out of the moneys due to him on account of his retirement, whether on superannuation or otherwise;”;

(c) after clause (23D), the following clause shall be inserted, namely:—

“(23E) any income of such Exchange Risk Administration Fund set up by public financial institutions, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a public financial institution, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

*Explanation.*—For the purposes of this clause, the expression “public financial institution” shall have the meaning assigned to it in section 4A of the Companies Act, 1956;”;

1 of 1956.

(d) after clause (26A), the following clause shall be inserted with effect from the 1st day of April, 1990, namely:—

“(26AA) any income of a person by way of winnings from any lottery, the draw of which is held in pursuance of any agreement entered into on or before the 28th day of February, 1989 between the State Government of Sikkim and the organising agents of such lottery, where such person is resident in the State of Sikkim in any previous year.

*Explanation.*—For the purposes of this clause, a person shall be deemed to be resident in the State of Sikkim if he fulfils the requirements of clause (1) or clause (2) or clause (3) or clause (4) of section 6, as the case may be, subject to the modifications that—

(i) references in those clauses to India shall be construed as references to the State of Sikkim; and

(ii) in sub-clause (i) of clause (3), reference to Indian company shall be construed as reference to a company formed and registered under any law for the time being in force in the State of Sikkim and having its registered office in that State in that year;”.

5. In section 16 of the Income-tax Act, with effect from the 1st day of April, 1990,—

(a) in clause (i),—

(i) the proviso shall be omitted;

Amend-  
ment of  
section  
16,

(ii) for the word and figure "*Explanation 1*", the word "*Explanation*" shall be substituted;

(iii) *Explanation 2* shall be omitted;

(b) after clause (ii), the following clause shall be inserted, namely:—

"(iii) a deduction of any sum paid by the assessee on account of a tax on employment within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law."

Amend-  
ment of  
section  
17.

6. In section 17 of the Income-tax Act, in clause (2), in sub-clause (iii), the following *Explanation* shall be inserted at the end with effect from the 1st day of April, 1990, namely:—

"*Explanation.*—For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place of work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause."

Amend-  
ment of  
section  
32AB.

7. In section 32AB of the Income-tax Act,—

(a) in sub-section (1), in clause (ii), the word "eligible" shall be omitted with effect from the 1st day of April, 1991;

(b) in sub-section (2), clause (i) shall be omitted with effect from the 1st day of April, 1991;

(c) sub-section (3) shall be omitted with effect from the 1st day of April, 1991;

(d) in sub-section (4), after clause (d), the following clause shall be inserted with effect from the 1st day of April, 1991, namely:—

"(e) any new machinery or plant to be installed in an industrial undertaking, other than a small-scale industrial undertaking, as defined in section 80HHA, for the purposes of business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule."

(e) in sub-section (5A),—

(i) for the words "scheme and", the words "scheme or" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1987;



(ii) the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely:—

*“Explanation.—For the removal of doubts, it is hereby declared that nothing contained in this sub-section shall affect the operation of the provisions of sub-section (5AA) or sub-section (6) in relation to any withdrawals made from the deposit account either before or after the expiry of a period of five years from the date of deposit.”;*

(f) after sub-section (5A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely:—

*“(5AA) Where any amount, standing to the credit of the assessee in the deposit account, is withdrawn during any previous year by the assessee in the circumstance specified in clause (a) or clause (d) of sub-section (5A), the whole of such amount shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year, as if the business had not closed or, as the case may be, the firm had not been dissolved.”;*

(g) in sub-section (5B), the word “eligible” shall be omitted with effect from the 1st day of April, 1991;

(h) in sub-section (6), after the words “closure of the account”, the brackets, words, letters and figure “[In circumstances other than the circumstances specified in clauses (b), (c) and (e) of sub-section (5A)]” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987.

8. In section 36 of the Income-tax Act, in sub-section (1), after clause (ix) and the provisos thereto, the following clause shall be inserted, namely:—

Amend-  
ment of  
section  
36.

*‘(x) any sum paid by a public financial institution by way of contribution towards any fund specified under clause (23E) of section 10.’*

*Explanation.—For the purposes of this clause, “public financial institution” shall have the meaning assigned to it in section 4A of the Companies Act, 1956’.*

1 of 1956.

9. In section 43B of the Income-tax Act [as amended by section 15 of the Direct Tax Laws (Amendment) Act, 1987, and section 12 of the Finance Act, 1988],—

Amend-  
ment of  
section  
43B.

4 of 1988,  
26 of 1988.

(a) for the second proviso, the following proviso shall be substituted, namely:—

*“Provided further that no deduction shall, in respect of any sum referred to in clause (b), be allowed unless such sum has actually been paid in cash or by issue of a cheque or draft or by any other mode on or before the due date as defined in the Explanation below clause (va) of sub-section (1) of section 36, and where such payment has been made otherwise than in cash, the sum has been realised within fifteen days from the due date.”;*

(b) after *Explanation 1*, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1984, namely:—

*‘Explanation 2.—For the purposes of clause (a), as in force at all material times, “any sum payable” means a sum for which the assessee incurred liability in the previous year even though such sum might not have been payable within that year under the relevant law.’;*

(c) *Explanation 2* and *Explanation 3* shall be renumbered as *Explanation 3* and *Explanation 4* respectively.

Insertion of new section 44BBB.

Special provision for computing profits and gains of foreign companies engaged in the business of civil construction, etc., in certain turnkey power projects.

10. After section 44BBA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1990, namely:—

‘44BBB. Notwithstanding anything to the contrary contained in sections 28 to 44AA, in the case of an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf and financed under any international aid programme, a sum equal to ten per cent of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head “Profits and gains of business or profession”.’.

Amendment of section 48.

11. In section 48 of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1990,—

(i) in clause (b),—

(a) after sub-clause (i), the following sub-clause shall be inserted, namely:—

“(ia) in respect of long-term capital gain so arrived at relating to equity shares of venture capital undertakings,—

(A) in the case of a company, other than venture capital company, thirty per cent of the amount of such gain in excess of ten thousand rupees;

(B) in the case of venture capital company, sixty per cent of the amount of such gain in excess of ten thousand rupees;

(C) in any other case, sixty per cent of the amount of such gain in excess of ten thousand rupees;”;

(b) in sub-clause (ii), in the opening portion, for the words “other capital assets”, the words, brackets, figures and letter

"capital assets [other than capital assets referred to in sub-clauses (i) and (ia)]" shall be substituted;

(ii) the following *Explanation* shall be inserted at the end, namely:—

*Explanation.*—For the purposes of this section,—

(a) "venture capital company" means such company as is engaged in providing finance to venture capital undertakings mainly by way of acquiring equity shares of such undertakings or, if the circumstances so require, by way of advancing loans to such undertakings, and is approved by the Central Government in this behalf;

(b) "venture capital undertaking" means such company as the prescribed authority may, having regard to the following factors, approve for the purposes of sub-clause (ia) of clause (b) of sub-section (2), namely:—

(1) the total investment in the company does not exceed ten crore rupees or such other higher amount as may be prescribed;

(2) the company does not have adequate financial resources to undertake projects for which it is otherwise professionally or technically equipped; and

(3) the company seeks to employ any technology which will result in significant improvement over the existing technology in India in any field and the investment in such technology involves high risk.

12. In section 54E of the Income-tax Act, in sub-section (1), in *Explanation* 1, after clause (d), the following clause shall be inserted with effect from the 1st day of April, 1990, namely:—

Amend-  
ment of  
section  
54E.

"(e) in a case where the original asset is transferred after the 31st day of March, 1989, any of the assets specified in clauses (c) and (d) and such debentures or bonds issued by the National Housing Bank established under section 3 of the National Housing Bank Act, 1987, as the Central Government may, by notification in the Official Gazette, specify in this behalf."

53 of 1987.

13. In section 57 of the Income-tax Act, after clause (ii), the following clause shall be inserted, with effect from the 1st day of April, 1990, namely:—

Amend-  
ment of  
section  
57.

"(ia) in the case of income in the nature of family pension, a deduction of a sum equal to thirty-three and one-third per cent of such income or twelve thousand rupees, whichever is less.

*Explanation.*—For the purposes of this clause, "family pension" means a regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of his death;".

14. In section 80C of the Income-tax Act, in sub-section (2), in clause (h), with effect from the 1st day of April, 1990,—

Amend-  
ment of  
section  
80C.

(a) after sub-clause (i), the following sub-clause shall be inserted, namely:—

"(ia) as subscription to any such deposit scheme of the National Housing Bank established under section 3 of the Natio-

nal Housing Bank Act, 1987, as the Central Government may, by notification in the Official Gazette, specify in this behalf;”;

53 of 1987.

(b) in sub-clause (ii), in item (c), after sub-item (3), the following sub-item shall be inserted, namely:—

“(3A) the National Housing Bank, or”.

Amend-  
ment of  
section  
80CC.

15. In section 80CC of the Income-tax Act, with effect from the 1st day of April, 1990,—

(i) in sub-section (1), for the words and figures “section 10 if such fund subscribes”, the words and figures “section 10 or units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963, if the amount of subscription to any units, issued by the Mutual Fund or, as the case may be, the Unit Trust of India under such scheme, is subscribed” shall be substituted;

52 of 1963.

(ii) in sub-section (3), in clause (a),—

(a) in sub-clause (ii), in the proviso, the word “or” shall be inserted at the end;

(b) after sub-clause (ii), as so amended, the following sub-clause shall be inserted, namely:—

“(iia) a hospital; or”.

Insertion  
of  
new  
section  
80JJ.

16. After section 80J of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1990, namely:—

Deduction  
in  
respect  
of profits  
and gains  
from  
business  
of  
poultry  
farming.  
Amend-  
ment of  
section  
80U.

“80JJ. Where the gross total income of an assessee includes any profits and gains derived from business of poultry farming, there shall be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to thirty-three and one-third per cent, thereof.”.

17. In section 80U of the Income-tax Act, with effect from the 1st day of April, 1990,—

(a) in sub-section (1),—

(i) in clause (ii), the word “or” shall be inserted at the end;

(ii) after clause (ii), the following clause shall be inserted, namely:—

“(iii) is subject to mental retardation to the extent specified in the rules made in this behalf by the Board, and which has the effect of reducing substantially his capacity to engage in a gainful employment or occupation,”;

(iii) in the proviso,—

(1) in clause (a), the word “and” occurring at the end shall be omitted;

(2) in clause (b), the word "and" shall be inserted at the end;

(3) after clause (b), the following clause shall be inserted, namely:—

"(c) in a case referred to in clause (iii), a certificate as to the mental retardation from a psychiatrist working in a Government hospital.";

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) The Board shall, in making any rules for specifying any disability or mental retardation for the purposes of clause (ii) or clause (iii), as the case may be, of sub-section (1), have regard to the nature of such disability or mental retardation and the effect which such disability or mental retardation is likely to have on the capacity of a person subject thereto, or suffering therefrom, to engage in a gainful employment or occupation."

26 of 1988.

18. In section 115B of the Income-tax Act (as amended by section 31 of the Finance Act, 1988), in sub-section (2), with effect from the 1st day of April, 1990,—

Amend-  
ment of  
section  
115B.

(a) for the words, figures and letters "the previous year relevant to the assessment year commencing on the 1st day of April, 1989", the words, figures and letters "the previous years relevant to the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990" shall be substituted;

(b) in the proviso, for the words "previous year", the words "previous years" shall be substituted.

19. In section 115J of the Income-tax Act,—

(i) after sub-section (1) and before the *Explanation*, the following sub-section shall be inserted, namely:—

Amend-  
ment of  
section  
115J.

"(1A) Every assessee, being a company, shall, for the purposes of this section, prepare its profit and loss account for the relevant previous year in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956";

(ii) in the *Explanation*,—

(a) in the opening portion, for the words and figures "prepared in accordance with the provisions of Parts II and III of the Sixth Schedule to the Companies Act, 1956", the words, brackets, figure and letter "prepared under sub-section (1A)" shall be substituted;

(b) in clause (i), for the words "profit and loss account; or", the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988, namely:—

"profit and loss account:

Provided that, where this section is applicable to an assessee in any previous year (including the relevant previous

1 of 1956.

1 of 1956.



year), the amount withdrawn from reserves created or provisions made after the 1st day of April, 1988 shall not be reduced from the book profit unless the book profit of such year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under this *Explanation*; or”.

Amend-  
ment of  
section  
153.

20. In section 153 of the Income-tax Act [as amended by section 59 of the Direct Tax Laws (Amendment) Act, 1987], in sub-section (1), the following proviso shall be inserted at the end, namely:—

4 of 1988.

“Provided that in respect of a return filed under sub-section (4) or sub-section (5) of section 139, which relates to the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, no order of assessment referred to in this sub-section shall be made at any time after the expiry of one year from the end of the financial year in which such return is filed.”.

Amend-  
ment of  
section  
192.

21. In section 192 of the Income-tax Act, with effect from the 1st day of June, 1989,—

(a) in sub-section (2A), for the words “public sector undertaking”, the words “company, co-operative society, local authority, University, institution, association or body” shall be substituted;

(b) after sub-section (2A), the following *Explanation* shall be inserted, namely:—

‘*Explanation*.—For the purposes of this sub-section, “University” means a University established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956 to be a University for the purposes of that Act.’.

3 of 1956.

Amend-  
ment of  
section  
193.

22. In section 193 of the Income-tax Act, with effect from the 1st day of June, 1989,—

(a) in the opening portion, for the words “at the time of payment”, the words “at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier” shall be substituted;

(b) in the proviso, in clause (v), in sub-clause (b), for the words “one thousand rupees”, the words “two thousand and five hundred rupees” shall be substituted;

(c) after the proviso, the following *Explanation* shall be inserted, namely:—

‘*Explanation*.—For the purposes of this section, where any income by way of interest on securities is credited to any account, whether called “Interest payable account” or “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed

to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

23. In section 263 of the Income-tax Act, in sub-section (1), in the Explanation,—

Amend-  
ment of  
section  
263.

(i) in clause (a), after the words “an order passed”, the words, figures and letters “on or before or after the 1st day of June, 1988,” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word “includes”, the words “shall include and shall be deemed always to have included” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c),—

(a) after the words “of any appeal”, the words, figures and letters “filed on or before or after the 1st day of June, 1988” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words “shall extend”, the words “and shall be deemed always to have extended” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

24. In section 285B of the Income-tax Act, the words “as employee or otherwise” shall be omitted with effect from the 1st day of June, 1989.

Amend-  
ment of  
section  
285B.

25. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, with effect from the 1st day of April, 1990, namely:—

Conse-  
quential  
amend-  
ments.

(a) in section 80A, in sub-section (3), after the figures and letter “80J”, the words, figures and letters “or section 80JJ” shall be inserted;

(b) in section 80P, in sub-section (3),—

(i) after the words, figures and letter “or section 80J”, the words, figures and letters “or section 80JJ” shall be inserted;

(ii) for the words, figures and letter “and section 80J”, the words, figures and letters “section 80J and section 80JJ” shall be substituted.

26. Notwithstanding anything contained in the notification of the Government of India in the Ministry of Home Affairs, No. S.O. 1028(E), dated the 7th November, 1988, and the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. S.O. 148(E), dated the 23rd February, 1989 in so far as it relates to the commencement of the Income-tax Act, 1961 in the State of Sikkim, the provisions of the Income-tax Act, 1961 shall come into force in the State of Sikkim with effect from the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and any law corresponding to the Income-tax Act, 1961 which, immediately before such commencement, was in force in the State of Sikkim shall be deemed never to have ceased to have effect in relation to the previous year beginning

Applica-  
tion of  
the  
Income-  
tax Act  
to the  
State of  
Sikkim

with the 1st day of April, 1988 and ending with the 31st day of March, 1989, and shall continue to be in force for the purposes of the levy, assessment and collection of income-tax or for the purpose of imposing any penalty or for any other purpose whatsoever connected with, or incidental to, any of the purposes aforesaid, under such law.

### Wealth-tax

Amend-  
ment of  
section  
5.

27. In section 5 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act),—

27 of 1957.

(a) in sub-section (1),—

(i) after clause (xxvb), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely:—

“(xxvc) the right or interest of the assessee in any annuity plan of the Life Insurance Corporation referred to in clause (ii) of sub-section (1) of section 80CCA of the Income-tax Act;”;

(ii) after clause (xxviib), the following clauses shall be inserted with effect from the 1st day of April, 1990, namely:—

“(xxviic) any deposits made in accordance with the scheme referred to in item (i) of sub-clause (iv) of clause (15) of section 10 of the Income-tax Act, by any employee of the Central Government or a State Government;

(xxviid) any deposits made with the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;”;

53 of 1987.

(b) in sub-section (1A), after the brackets, figures and letter “(xxviib),”, the brackets, figures and letter “(xxviid),” shall be inserted with effect from the 1st day of April, 1990.

Amend-  
ment of  
section  
17A.

28. In section 17A of the Wealth-tax Act [as amended by section 140 of the Direct Tax Laws (Amendment) Act, 1987], in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

4 of 1988.

“Provided that,—

(a) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991;

(b) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992.”.

Amend-  
ment of  
section  
21AA.

29. In section 21AA of the Wealth-tax Act, in sub-section (1), after the words “or co-operative society”, the words and figures “or society registered under the Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India” shall be inserted.

21 of 1860.

30. In section 25 of the Wealth-tax Act, in sub-section (2), in the *Explanation*—

Amend-  
ment of  
section  
25.

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988," shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c),—

(a) after the words "of any appeal", the words, figures and letters "filed on or before or after the 1st day of June, 1988" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words "shall extend", the words "and shall be deemed always to have extended" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

#### *Gift-tax*

18 of 1958,  
4 of 1988.

31. In section 16A of the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act) [as amended by section 172 of the Direct Tax Laws (Amendment) Act, 1987], in sub-section (1),—

Amend-  
ment of  
section  
16A.

(a) for the words "one year", the words "two years" shall be substituted;

(b) for the proviso, the following proviso shall be substituted, namely:—

"Provided that,—

(a) where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991;

(b) where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992."

32. In section 24 of the Gift-tax Act, in sub-section (2), in the *Explanation*,—

Amend-  
ment of  
section 24.

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988," shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c).—

(a) after the words “of any appeal”, the words, figures and letters “filed on or before or after the 1st day of June, 1988” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words “shall extend”, the words “and shall be deemed always to have extended” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

#### *Expenditure-tax*

Amend-  
ment of  
Act 35  
of 1987.

33. In section 4 of the Expenditure-tax Act, 1987, for the words “ten per cent.”, the words “twenty per cent.” shall be substituted with effect from the 1st day of June, 1989.

### CHAPTER IV

#### INDIRECT TAXES

##### *Customs*

Amend-  
ment of  
Act 61  
of 1975.

34. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act).—

(a) shall be amended in the manner specified in the Second Schedule; and

(b) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Third Schedule.

Auxi-  
liary  
duties of  
customs.

35. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to fifty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

52 of 1962.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1990, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.



*Excise*

36. The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Fourth Schedule.

Amend-  
ment of  
Act 5  
of 1986.

1 of 1944.

37. (1) In the case of goods chargeable with a duty of excise under the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to five per cent. of the amount so chargeable on such goods.

Special  
duties of  
excise.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1990, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act, and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

38. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

Amend-  
ment of  
Act 58  
of 1957.

39. The Medicinal and Toilet Preparations (Excise Duties) Act, 1955, shall be amended in the manner specified in the Sixth Schedule.

Amend-  
ment of  
Act 16  
of 1955.

## CHAPTER V

## INLAND AIR TRAVEL TAX

40. (1) This Chapter extends to the whole of India.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Extent  
and  
com-  
mence-  
ment.

41. In this Chapter, unless the context otherwise requires,—

(a) "aerodrome" means any aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934, which is situated in India;

Defini-  
tions.

22 of 1934.

22 of 1934

(b) "aircraft" means any aircraft as defined in clause (1) of section 2 of the Aircraft Act, 1934, which is used (whether exclusively or not) for the carriage of passengers;

(c) "carrier" means the person or authority undertaking the carriage of a passenger on an inland journey and includes any agent, representative or other person acting on behalf of such person or authority;

(d) "fare" means the total amount of all charges of whatever nature (including charges, if any, for provision of food or accommodation) payable to the carrier by or on behalf of a passenger in respect of his inland journey, but does not include,—

(i) fuel surcharge, if any, payable, and

(ii) fee, if any, payable for the amenities given to the passengers and visitors at any aerodrome;

(e) "inland journey", in relation to a passenger, means his journey from any aerodrome on board any aircraft to another aerodrome;

(f) "passenger" means any person boarding, at any aerodrome, an aircraft for performing an inland journey, but does not include,—

(i) a person who performs an inland journey on a through international ticket and which precedes, or forms part of a series of journeys preceding, or follows, or forms part of a series of journeys following, a journey to or from a place outside India on the same ticket; or

(ii) a person employed or engaged in any capacity on board the aircraft on the business thereof.

Inland  
air  
travel  
tax...

42. (1) With effect from the date of commencement of this Chapter, there shall be levied on all passengers embarking on every inland journey, where the fare for such journey is paid in Indian currency, a tax (hereafter in this Chapter referred to as the inland air travel tax) at the rate of ten per cent. of the fare paid by such passengers for every such journey.

*Explanation.*—When a passenger performs an inland journey at a concessional rate or without being charged any fare, the fare ordinarily payable for the journey shall, for the purposes of this section, be deemed to have been paid by such passenger.

(2) In accordance with the rules made under this Chapter, the inland air travel tax shall be collected by the officers of customs appointed under the Customs Act, 1962, or the Central Excise Officers appointed under the Central Excises and Salt Act, 1944, or such officers of the Central Government or the State Government or the International Airports Authority of India constituted under the International Airports Authority Act, 1971, or the National Airports Authority constituted under the National Airports Authority Act, 1985, or such carriers, as may be authorised in this behalf by the Central Government by notification in the Official Gazette and paid to the credit of the Central Government,

52 of 1962,

1 of 1944,

43 of 1971,

64 of 1985,

43. In computing the inland air travel tax, wherever necessary, the tax leviable shall be rounded off to the nearest rupee, fifty paise and over being counted as one rupee and less than fifty paise being disregarded.

Round-  
ing off  
of in-  
land air  
travel  
tax.

44. Notwithstanding anything contained in this Chapter, the Central Government may, by notification in the Official Gazette, and subject to such conditions and limitations as may be specified therein, exempt, wholly or to such extent as may be specified in the notification, any class or classes of passengers or any category or categories of passengers under any such class from the payment of inland air travel tax if that Government is satisfied that it is necessary or expedient so to do, having regard to the place of destination, purposes of the journey or any other special circumstances.

Power to  
exempt.

45. No carrier or other person in charge of an aircraft shall allow any passenger to board the aircraft unless such passenger has paid the inland air travel tax.

Passen-  
gers not  
to be  
permit-  
ted to  
board  
aircraft  
without  
payment  
of in-  
land air  
travel  
tax.

46. (1) Every passenger who embarks or attempts to embark on an inland journey without paying the inland air travel tax shall, in addition to his liability to pay the inland air travel tax, be liable to a penalty not exceeding twice the amount of the inland air travel tax.

Penal-  
ties.

(2) Every carrier or other person in charge of an aircraft, who, in contravention of the provisions of section 45, allows any passenger or passengers to board the aircraft, shall be liable to a penalty not exceeding three times the amount or the aggregate amount of the inland air travel tax payable by the passenger or passengers so allowed to board the aircraft.

(3) Any penalty under this section may be adjudged, collected and paid to the credit of the Central Government by such authority and in such manner as may be specified in the rules made under this Chapter.

47. No suit or other legal proceeding shall lie against the Central Government and no suit, prosecution or other legal proceeding shall lie against any officer of the Central Government or the State Government or the International Airports Authority of India or the National Airports Authority referred to in sub-section (2) of section 42 for anything in good faith done or intended to be done in pursuance of this Chapter or the rules made thereunder.

Protec-  
tion of  
action  
taken  
in good  
faith.

48. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

Power to  
make  
rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the collection of the inland air travel tax including the charges for collection payable to any State Government or the International Airports Authority of India or the National Airports Authority referred to in sub-section (2) of section 42, or any carrier, the authorities by whom adjudication of penalties or other functions under this Chapter shall be discharged, the manner in which the inland air travel tax, penalties or other sums due under this Chapter shall be payable, the manner in which the inland air travel tax, penalties or other sums shall be collected and paid to the credit of the Central Government and the procedure for claiming refund of any amount paid under this Chapter;

(b) the powers of officers authorised under sub-section (2) of section 42 to enter, inspect and search any aircraft for the purpose of carrying on any duty imposed on such officer by or under this Chapter;

Provided that the provisions of the Code of Criminal Procedure, 1973, relating to searches, shall, so far as they are applicable, apply in relation to searches under rules made under this clause;

2 of 1974.

(c) the procedure for adjudication of penalties;

(d) appeals against orders made under this Chapter, the manner in which and the time within which such appeals may be preferred and the fees payable therefor;

(e) the returns and other particulars and information which may be required to be furnished for the purposes of this Chapter, the persons or authorities by or to whom or which, and the intervals at which such returns, particulars and information shall be furnished;

(f) any other matter which is to be, or may be, provided for by rules under this Chapter.

Rules  
and  
notifica-  
tions to  
be laid  
before  
Parlia-  
ment.

49. Every rule made under this Chapter and every notification issued under section 44 shall be laid, as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or notification or both Houses agree that the rule should not be made or the notification should not be issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

## CHAPTER VI

## MISCELLANEOUS

50. In section 14 of the Central Sales Tax Act, 1956,—

(a) in items (ia) and (vii), after the figures "58.05," the figures "58.06," shall be inserted;

(b) in item (ix), for the word and figures "and 2404.50", the figures and word "2404.50 and 2404.60" shall be substituted.

Amend-  
ment  
of Act 74  
of 1956.

51. In sub-section (1) of section 35 of the Finance Act, 1979, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(a) in clause (i), for the words "one hundred rupees", the words "three hundred rupees" shall be substituted;

(b) in clause (ii), for the words "fifty rupees", the words "one hundred and fifty rupees" shall be substituted.

Amend-  
ment of  
Act 21  
of 1979.

---

*Declaration under the Provisional Collection of Taxes Act, 1931*

It is hereby declared that it is expedient in the public interest that the provisions of clause 34 [except sub-clause (b) thereof] and clauses 35, 36, 37, 38 and 39 of this Bill shall have immediate effect under the Provisional collection of Taxes Act, 1931.

16 of 1931.



## THE FIRST SCHEDULE

(See section 2)

## PART I

## INCOME-TAX

*Paragraph A**Sub-Paragraph I*

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

*Rates of income-tax*

- (1) where the total income does not Nil;  
exceed Rs. 18,000
- (2) where the total income exceeds 25 per cent. of the amount by which  
Rs. 18,000 but does not exceed the total income exceeds Rs. 18,000;  
Rs. 25,000
- (3) where the total income exceeds Rs. 1,750 plus 30 per cent. of the  
Rs. 25,000 but does not exceed amount by which the total income  
Rs. 50,000 exceeds Rs. 25,000;
- (4) where the total income exceeds Rs. 9,250 plus 40 per cent. of the  
Rs. 50,000 but does not exceed amount by which the total income  
Rs. 1,00,000 exceeds Rs. 50,000;
- (5) where the total income exceeds Rs. 29,250 plus 50 per cent. of the  
Rs. 1,00,000 amount by which the total income  
exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person, having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of

the previous year relevant to the assessment year commencing on the 1st day of April, 1989 exceeds Rs. 18,000,—

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 12,000 *Nil*;
- (2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000 25 per cent. of the amount by which the total income exceeds Rs. 12,000;
- (3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000 Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
- (4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000 Rs. 8,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
- (5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000 Rs. 16,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
- (6) where the total income exceeds Rs. 1,00,000 Rs. 36,000 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 10,000 15 per cent. of the total income;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 20,000 Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

*Rates of income-tax*

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 10,000                          | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000   | 5 per cent. of the amount by which the total income exceeds Rs. 10,000;                          |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;      |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000;   |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs 1,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax.

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 10,000                          | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000   | 4 per cent. of the amount by which the total income exceeds Rs. 10,000;                          |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;      |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000;   |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income                      50 per cent.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested      50 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested—

(i) in the case of a trading company or an investment company      60 per cent. of the total income;

(ii) in any other case      55 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent. ;

(ii) on the balance, if any, of the total income 65 per cent.

### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

## PART II

### RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

|   | Rate of income-tax |
|---|--------------------|
| 1. In the case of a person other than a company—  |                    |
| (a) where the person is resident in India—  |                    |
| (i) on income by way of interest other than "Interest on securities"  | 10 per cent.;      |
| (ii) on income by way of winnings from lotteries and crossword puzzles  | 40 per cent.;      |
| (iii) on income by way of winnings from horse races   | 40 per cent.;      |
| (iv) on income by way of insurance commission   | 10 per cent.;      |
| (v) on income by way of interest payable on—  | 10 per cent.;      |
| (A) any security, other than a tax-free security, of the Central or a State Government;   |                    |
| (B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;  |                    |
| (C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder; |                    |
| (vi) on any other income (excluding interest payable on a tax-free security)  | 20 per cent. ;     |



## (b) where the person is not resident in India—

## (i) in the case of a non-resident Indian—

- |   |   |
|---|---|
| (A) on investment income and long-term capital gains                  | 20 per cent.;   |
| (B) on income by way of interest payable on a tax-free security       | 15 per cent.;   |
| (C) on income by way of winnings from lotteries and crossword puzzles | 40 per cent.;   |
| (D) on income by way of winnings from horse races                     | 40 per cent.;   |
| (E) on the whole of other income                                      | income-tax at 30 per cent. of the amount of income  |
|   | or  |
|   | income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, |
|   | whichever is higher;  |

## (ii) in the case of any other person—

- |   |   |
|---|---|
| (A) on income by way of interest payable on a tax-free security       | 15 per cent.;   |
| (B) on income by way of winnings from lotteries and crossword puzzles | 40 per cent.;   |
| (C) on income by way of winnings from horse races                     | 40 per cent.;   |
| (D) on the whole of the other income                                  | income-tax at 30 per cent. of the amount of income  |
|   | or  |
|   | income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, |
|   | whichever is higher ;   |

## 2. In the case of a company—

## (a) where the company is a domestic company—

- |  |               |
|--|---------------|
| (i) on income by way of interest other than "Interest on securities"   | 20 per cent.; |
| (ii) on income by way of winnings from lotteries and crossword puzzles | 40 per cent.; |
| (iii) on income by way of winnings from horse races                    | 40 per cent.; |

(iv) on any other income (excluding interest payable on tax-free security) 21.5 per cent.;

(b) where the company is not a domestic company—

(i) on income by way of dividends payable by any domestic company 25 per cent.;

(ii) on income by way of winnings from lotteries and crossword puzzles 40 per cent.;

(iii) on income by way of winnings from horse races 40 per cent.;

(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency 25 per cent.;

(v) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern 30 per cent.;

(vi) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,—

(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976 50 per cent.;

(B) where the agreement is made after the 31st day of March, 1976 30 per cent.;

(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—

(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976 50 per cent.;

(B) where the agreement is made after the 31st day of March, 1976 30 per cent.;

(viii) on income by way of interest payable on a tax-free security 44 per cent.;

(ix) on any other income 65 per cent.

*Explanation.*—For the purposes of this Part, “investment income”, “long-term capital gains” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

### *Surcharge on income-tax*

The amount of income-tax deducted in accordance with the provisions of—

(a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for purposes of the Union, and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge,

calculated at the rate of eight per cent. of such income-tax.

## PART III

### RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD “SALARIES” AND COMPUTING “ADVANCE TAX”

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head “Salaries” or in which the “advance tax” payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, “advance tax” [not being “advance tax” in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such “advance tax” in respect of any income chargeable to tax under section 115B], shall be calculated, charged, deducted or computed at the following rate or rates:—

#### *Paragraph A*

##### *Sub-Paragraph I*

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

#### *Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 18,000                    | Nil;  |
| (2) where the total income exceeds Rs. 18,000 but does not exceed 25,000 | 20 per cent of the amount by which the total income exceeds Rs. 18,000; |

- |  |   |
|--|---|
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 1,400 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 25,000;    |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 8,900 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 50,000;    |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 28,900 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax;

Provided that no such surcharge shall be payable by a non-resident.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1990 exceeds Rs. 18,000,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 12,000                          | <i>Nil</i> ;  |
| (2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000   | 25 per cent. of the amount by which the total income exceeds Rs. 12,000;                          |
| (3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000   | Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;    |
| (4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000   | Rs. 8,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000;    |
| (5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000 | Rs. 16,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 60,000;   |
| (6) where the total income exceeds Rs. 1,00,000                                | Rs. 36,000 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax;

Provided that no such surcharge shall be payable by a non-resident.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 10,000 15 per cent. of the total income;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 20,000 Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II, of this Paragraph applies,—

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 10,000 *Nil*;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 5 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 750 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 2,500 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (5) where the total income exceeds Rs. 1,00,000 Rs. 10,000 *plus* 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

- (1) where the total income does not Nil;  
exceed Rs. 10,000
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 4 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 600 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 2,350 *plus* 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (5) where the total income exceeds Rs. 1,00,000 Rs. 8,850 *plus* 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 50 per cent.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

- (1) where the company is a company in which the public are substantially interested 50 per cent. of the total income;



(2) where the company is not a company in which the public are substantially interested—

- |   |                                   |
|---|-----------------------------------|
| (i) in the case of a trading company or an investment company | 60 per cent. of the total income; |
| (ii) in any other case  | 55 per cent. of the total income. |

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 65 per cent.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item 1 of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge calculated at the rate of eight per cent. of such income-tax.

### PART IV

[See section 2(9) (e)]

#### RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

**Rule 1.**—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

**Rule 2.**—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

**Rule 3.**—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

**Rule 4.**—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

**Rule 5.**—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 6.**—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 7.**—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

**Rule 8**—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

**Rule 9**—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1989, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1989.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1990 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, is a loss, then, for the purposes of sub-section (8) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1990.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1981, or of the First Schedule to the Finance Act, 1982, or of the First Schedule to the Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of the First Schedule to the Finance Act, 1985, or of the First Schedule to the Finance Act, 1986, or of the First Schedule to the Finance Act, 1987, or of the First Schedule to the Finance Act, 1988, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

16 of 1981.  
14 of 1982.  
11 of 1983.  
21 of 1984.  
32 of 1985.  
23 of 1986.  
11 of 1987.  
26 of 1988.

*Rule 10.*— Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.



*Rule 11.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 12.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.



## THE SECOND SCHEDULE

[See section 34(a)]

In the First Schedule to the Customs Tariff Act,—

(1) in "*General rules for the interpretation of this Schedule*", in clause (a) of rule 3, for the words "The rule", the words "This rule" shall be substituted;

(2) in Chapter 4,—

(i) in heading No. 04.03, in column (3), for the words "FRUIT OR COCOA", the words "FRUIT NUTS OR COCOA" shall be substituted;

(ii) in heading No. 04.08, in column (3), for the words "IN SHELL AND", the words "IN SHELL, AND" shall be substituted;

(3) in Chapter 6, in sub-heading No. 0602.20, for the entry in column (3), the entry "Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruit or nuts" shall be substituted;

(4) in Chapter 9,—

(i) in sub-heading Nos. 0906.10 and 0906.20, for the entries in columns (4) and (5), the entries "150% plus Rs. 20 per Kg." and "142.5% plus Rs. 20 per Kg." shall, respectively, be substituted;

(ii) in sub-heading No. 0907.00, for the entries in columns (4) and (5), the entries "Rs. 120 per Kg." and "Rs. 120 per Kg. less 7.5%" shall, respectively, be substituted;

(iii) in sub-heading No. 0908.10, for the entries in columns (4) and (5), the entries "150%" and "142.5%" shall, respectively, be substituted;

(iv) in sub-heading No. 0908.20, for the entry in column (4), the entry "150%" shall be substituted;

(v) in heading No. 09.09, in column (3), for the words "CARAWAY OR JUNIPER", the words "OR CARAWAY; JUNIPER BERRIES" shall be substituted;

(vi) in sub-heading No. 0909.50, in column (3), for the words "fennel or juniper", the words "fennel; juniper berries" shall be substituted;

(5) in Chapter 10, in NOTE 1, in clause (b), the word, "converted" shall be omitted;

(6) in Chapter 16, in sub-heading No. 1604.14, in column (3), the word "Atlantic" shall be omitted;

(7) in Chapter 17, in the SUBHEADING NOTE, for the word "polarimetric", the word "polarimeter" shall be substituted;

(8) in Chapter 22, in sub-heading Nos. 2207.10, 2208.10, 2208.20, 2208.30, 2208.40, 2208.50 and 2208.90, for the entry in column (4), the entry "Rs. 200 per litre or 355%, whichever is higher" shall be substituted;

(9) in Chapter 25, in heading No. 25.23, in column (3), the brackets and words '("ciment fondu")', at the two places where they occur, shall be omitted;

(10) in Chapter 34, in NOTE 5, in clause (d), after the word "dispersed", the word "in" shall be inserted;

(11) in Chapter 59,—

(i) in NOTE 6, for clause (a), the following clause shall be substituted, namely:—

"(a) Transmission or conveyor belting, of textile material, of a thickness of less than 3 mm; or";

(ii) in sub-heading No. 5911.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Textile fabrics, felt and felt-lined woven fabrics, coated, covered or laminated with rubber, leather or other material, of a kind used for card clothing, and similar fabrics of a kind used for other technical purposes";

(12) in Chapter 61,—

(i) in NOTE 8, for the word "concerning", the word "covering" shall be substituted;

(ii) in heading No. 61.04, in column (3), after the word "JACKETS," the word "BLAZERS," shall be inserted;

(iii) in the portion occurring after sub-heading No. 6104.29, in column (3), for the word "-Jackets:", the words "-Jackets and blazers:" shall be substituted;

(13) in Chapter 62,—

(i) in heading No. 62.04, in column (3), after the word "JACKETS," the word "BLAZERS," shall be inserted;

(ii) in the portion occurring after sub-heading No. 6204.29, in column (3), for the word "-Jackets:", the words "-Jackets and blazers:" shall be substituted;

(14) in Chapter 63, in heading No. 63.06, for the entry in column (3), the entry "TARPAULINS, AWNINGS AND SUN BLINDS; TENTS; SAILS FOR BOATS, SAIL BOATS OR LAND CRAFT; CAMPING GOODS" shall be substituted;

(15) in Chapter 72, in SUBHEADING NOTE 1, in clause (a), for the words "Pig iron containing, by weight, separately or together:", the words "Pig iron containing by weight one or more of the following elements in the specified proportions;" shall be substituted;

(16) in Chapter 73, in sub-heading No. 7314.42, in column (3), for the words "-Plastic coated", the words "-Coated with plastics" shall be substituted;

(17) in Chapter 74, in sub-heading No. 7404.00, for the entry in column (4), the entry "100% *plus* Rs. 5,000 per tonne" shall be substituted;

(18) in Chapter 82,—

(i) in heading No. 82.01, in column (3), for the word "SECATEURS", the words "SECATEURS AND PRUNERS" shall be substituted;

(ii) in sub-heading No. 8201.50, for the entry in column (3), the entry "Secateurs and similar one-handed pruners and shears (including poultry shears)" shall be substituted;

(19) in Chapter 84,—

(i) in heading No. 84.16, in column (3), for the words "MECHANICAL GRATES", the words "INCLUDING THEIR MECHANICAL GRATES" shall be substituted;

(ii) in sub-heading No. 8418.50, for the entry in column (3), the entry "*Other refrigerating or freezing chests, cabinets, display counters, show-cases and similar refrigerating or freezing furniture*" shall be substituted;

(iii) in sub-heading Nos. 8482.10, 8482.20, 8482.30, 8482.40, 8482.50 and 8482.80, for the entry in column (4), the entry "150% *plus* Rs. 300 per bearing" shall be substituted;

(iv) in sub-heading Nos. 8482.91 and 8482.99, for the entry in column (4), the entry "150% *plus* Rs. 300 per piece" shall be substituted;

(v) in sub-heading No. 8485.10, in column (3), for the word "Ships", the words "Ships' or boats'" shall be substituted;

(20) in Chapter 90, in sub-heading No. 9011.20, for the entry in column (3), the entry "*Other microscopes, for photomicrography, cinephotomicrography or microprojection*" shall be substituted;

(21) in Chapter 94, in NOTE 1, in clause (e), for the word "refrigerators", the words "refrigerating or freezing equipment" shall be substituted;

(22) in Chapter 99, in sub-heading No. 9901.00, in column (3), Item No. (46) and the entry relating thereto shall be omitted.

## THE THIRD SCHEDULE

[See section 34(b)]

In the First Schedule to the Customs Tariff Act, in Chapter 98,—

- (1) NOTES 7 and 8 shall be omitted;
- (2) heading No. 98.06 and the entries relating thereto shall be omitted.

## THE FOURTH SCHEDULE

(See section 36)

## PART I

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 15, in sub-heading Nos. 1504.00 and 1508.90, for the entry in column (4), the entry "Rs. 3,000 per tonne" shall be substituted;

(2) in Chapter 17,—

(a) in sub-heading No. 1701.31, for the entry in column (4), the entry "Rs. 25 per quintal" shall be substituted;

(b) in sub-heading No. 1701.39, for the entry in column (4), the entry "Rs. 45 per quintal" shall be substituted;

(3) in Chapter 22, heading No. 22.04 and the entries relating thereto shall be omitted;

(4) in Chapter 24, in sub-heading No. 2404.13, for the entry in column (4), the entry "225%" shall be substituted;

(5) in Chapter 25,—

(a) in sub-heading No. 2502.20, for the entry in column (4), the entry "Rs. 250 per tonne" shall be substituted;

(b) in sub-heading No. 2504.21, for the entry in column (4), the entry "Rs. 15 per square metre" shall be substituted;

(6) in Chapter 27, in sub-heading No. 2705.00, for the entry in column (4), the entry "Nil" shall be substituted;

(7) in Chapter 28,—

(a) in sub-heading No. 2801.10, for the entry in column (4), the entry "Rs. 100 per tonne" shall be substituted;

(b) in sub-heading No. 2804.11, for the entry in column (4), the entry "Re. 1 per cubic metre of the gas at normal pressure at 15°C" shall be substituted;

(c) in sub-heading No. 2804.12, for the entry in column (4), the entry "50 paise per cubic metre of the gas at normal pressure at 15°C" shall be substituted;

(d) in sub-heading No. 2804.13, for the entry in column (4), the entry "Re. 1 per cubic metre of the gas at normal pressure at 15°C" shall be substituted;

(e) in sub-heading No. 2811.10, for the entry in column (4), the entry "Rs. 1.25 per kilogram" shall be substituted;

(f) in sub-heading No. 2814.00, for the entry in column (4), the entry "Rs. 1,100 per tonne" shall be substituted;

(8) in Chapter 29,—

(a) in sub-heading No. 2901.10, for the entry in column (4), the entry "Rs. 13 per cubic metre of the gas at normal pressure at 15°C" shall be substituted;

(b) in sub-heading Nos. 2935.00 and 2939.10, for the entry in column (4), the entry "15%" shall be substituted;

(9) in Chapter 30, in sub-heading No. 3003.30, for the entry in column (4), the entry "15%" shall be substituted;

(10) in Chapter 39, in sub-heading Nos. 3904.10, 3904.21, 3904.22, 3904.30, 3904.40, 3904.50, 3904.61, 3904.69 and 3904.90, for the entry in column (4), the entry "60% plus Rs. 25 per kilogram" shall be substituted;

(11) in Chapter 40,—

(a) in NOTES 1 and 2, for the word "hardened", the word "hard" shall be substituted;

(b) in heading No. 40.04, for the word "HARDENED", the word "HARD" shall be substituted;

(c) in sub-heading No. 4006.10, for the entry in column (4), the entry "Rs. 12.60 per kilogram" shall be substituted;

(d) in heading No. 40.08, for the word "HARDENED", the word "HARD" shall be substituted;

(e) in sub-heading No. 4008.21, for the entry in column (4), the entry "Rs. 12.60 per kilogram" shall be substituted;

(f) in heading No. 40.09, for the word "HARDENED", the word "HARD" shall be substituted;

(g) sub-heading No. 4011.10 and the entries relating thereto shall be omitted;

(h) sub-heading No. 4011.20 shall be renumbered as sub-heading No. 4011.10;

(i) sub-heading No. 4011.30 shall be renumbered as sub-heading No. 4011.20, and in sub-heading No. 4011.20, as so renumbered, for the entry in column (4), the entry "Rs. 30 per tyre" shall be substituted;

(j) sub-heading Nos. 4011.41, 4011.49, 4011.50, 4011.60, 4011.70 and 4011.80 shall be renumbered as sub-heading Nos. 4011.31, 4011.39, 4011.40, 4011.50, 4011.60 and 4011.70, respectively;

(k) in sub-heading No. 4012.19, for the entry in column (4), the entry "Rs. 21 per flap" shall be substituted;

(l) in heading Nos. 40.14, 40.15, 40.16 and 40.17, for the word "HARDENED", wherever it occurs, the word "HARD" shall be substituted;

(12) in Chapter 48,—

(a) in sub-heading No. 4802.10, for the entry in column (4), the entry "20%" shall be substituted;



(b) in sub-heading No. 4802.20, for the entry in column (4), the entry "10% plus Rs. 630 per tonne" shall be substituted;

(c) in sub-heading No. 4802.91, for the entry in column (4), the entry "10% plus Rs. 1,900 per tonne" shall be substituted;

(d) in sub-heading No. 4802.99, for the entry in column (4), the entry "10% plus Rs. 1,470 per tonne" shall be substituted;

(e) in sub-heading No. 4803.00, for the entry in column (4), the entry "10% plus Rs. 1,625 per tonne" shall be substituted;

(f) in sub-heading No. 4804.11, for the entry in column (4), the entry "20%" shall be substituted;

(g) in sub-heading No. 4804.19, for the entry in column (4), the entry "10% plus Rs. 1,900 per tonne" shall be substituted;

(h) in sub-heading No. 4804.21, for the entry in column (4), the entry "20%" shall be substituted;

(i) in sub-heading No. 4804.29, for the entry in column (4), the entry "10% plus Rs. 1,900 per tonne" shall be substituted;

(j) in sub-heading No. 4804.30, for the entry in column (4), the entry "10% plus Rs. 1,900 per tonne" shall be substituted;

(k) in sub-heading No. 4805.19, for the entry in column (4), the entry "10% plus Rs. 605 per tonne" shall be substituted;

(l) in sub-heading No. 4805.30, for the entry in column (4), the entry "10% plus Rs. 2,260 per tonne" shall be substituted;

(m) in sub-heading No. 4805.90, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(n) in sub-heading No. 4806.10, for the entry in column (4), the entry "10% plus Rs. 2,425 per tonne" shall be substituted;

(o) in sub-heading No. 4806.20, for the entry in column (4), the entry "10% plus Rs. 2,425 per tonne" shall be substituted;

(p) in sub-heading No. 4806.90, for the entry in column (4), the entry "10% plus Rs. 2,100 per tonne" shall be substituted;

(q) in sub-heading No. 4807.10, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(r) in sub-heading No. 4807.92, for the entry in column (4), the entry "10% plus Rs. 605 per tonne" shall be substituted;

(s) in sub-heading No. 4807.99, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(t) in sub-heading No. 4808.10, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(u) in sub-heading No. 4808.90, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(v) in sub-heading No. 4810.10, for the entry in column (4), the entry "10% plus Rs. 1,900 per tonne" shall be substituted;

(w) in sub-heading No. 4810.20, for the entry in column (4), the entry "10% plus Rs. 2,425 per tonne" shall be substituted;

(x) in sub-heading No. 4810.90, for the entry in column (4), the entry "10% plus Rs. 2,100 per tonne" shall be substituted;

(y) in sub-heading No. 4811.10, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(z) in sub-heading No. 4811.20, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(za) in sub-heading No. 4811.30, for the entry in column (4), the entry "35% plus Rs. 1,680 per tonne" shall be substituted;

(zb) in sub-heading No. 4811.40, for the entry in column (4), the entry "10% plus Rs. 2,425 per tonne" shall be substituted;

(zc) in sub-heading No. 4811.90, for the entry in column (4), the entry "35% plus Rs. 2,100 per tonne" shall be substituted;

(zd) in sub-heading No. 4813.00, for the entry in column (4), the entry "10% plus Rs. 2,425 per tonne" shall be substituted;

(ze) in sub-heading No. 4814.00, for the entry in column (4), the entry "10% plus Rs. 2,850 per tonne" shall be substituted;

(zf) in sub-heading No. 4823.12, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

(zg) in sub-heading No. 4823.14, for the entry in column (4), the entry "10% plus Rs. 1,260 per tonne" shall be substituted;

(zh) in sub-heading No. 4823.19, for the entry in column (4), the entry "10% plus Rs. 1,680 per tonne" shall be substituted;

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(13) in Section XI, in NOTE 2, in clause (C), after the words and figures "Central Excise Rules, 1944," the words, figures and letter "or section 5A of the Central Excises and Salt Act, 1944" shall be inserted;

(14) in Chapter 50, in sub-heading No. 5001.20, for the entry in column (4), the entry "Rs. 18.90 per kilogram" shall be substituted;

(15) in Chapter 51, in sub-heading No. 5103.29, for the entry in column (4), the entry "Rs. 18.90 per kilogram" shall be substituted;

(16) in Chapter 53,—

(a) in sub-heading No. 5301.31, for the entry in column (4), the entry "5.78 paise per count per kilogram" shall be substituted;

(b) in sub-heading No. 5301.32, for the entry in column (4), the entry "Rs. 18.90 per kilogram" shall be substituted;

(c) in sub-heading No. 5303.31, for the entry in column (4), the entry "Rs. 1.05 per kilogram" shall be substituted;

(d) in sub-heading No. 5303.32, for the entry in column (4), the entry "Rs. 4.20 per kilogram" shall be substituted;

(e) in sub-heading No. 5303.39, for the entry in column (4), the entry "Rs. 10.50 per kilogram" shall be substituted;

(f) in sub-heading No. 5307.12, for the entry in column (4), the entry "5% plus Rs. 2.10 per square metre" shall be substituted;

(17) in Chapter 54,—

(a) in sub-heading No. 5401.10, for the entry in column (4), the entry "Rs. 9.45 per kilogram or 50% whichever is less" shall be substituted;

(b) in sub-heading No. 5401.20, for the entry in column (4), the entry "Rs. 1.05 per kilogram" shall be substituted;

(c) in sub-heading No. 5401.90, for the entry in column (4), the entry "Rs. 9.45 per kilogram or 50% whichever is less" shall be substituted;

(d) in sub-heading No. 5402.11, for the entry in column (4), the entry "Rs. 64.68 per kilogram" shall be substituted;

(e) in sub-heading No. 5402.12, for the entry in column (4), the entry "Rs. 7.51 per kilogram" shall be substituted;

(f) in sub-heading No. 5402.20, for the entry in column (4), the entry "Rs. 77.39 per kilogram" shall be substituted;

(g) in sub-heading No. 5402.91, for the entry in column (4), the entry "Rs. 64.68 per kilogram" shall be substituted;

(h) in sub-heading No. 5402.92, for the entry in column (4), the entry "Rs. 56.60 per kilogram" shall be substituted;

(i) in sub-heading No. 5402.93, for the entry in column (4), the entry "Rs. 40.43 per kilogram" shall be substituted;

(j) in sub-heading No. 5402.94, for the entry in column (4), the entry "Rs. 32.34 per kilogram" shall be substituted;

(k) in sub-heading No. 5402.95, for the entry in column (4), the entry "Rs. 5.78 per kilogram" shall be substituted;

(l) in sub-heading No. 5403.11, for the entry in column (4), the entry "Rs. 64.68 per kilogram" shall be substituted;

(m) in sub-heading No. 5403.12, for the entry in column (4), the entry "Rs. 7.51 per kilogram" shall be substituted;

(n) in sub-heading No. 5403.20, for the entry in column (4), the entry "Rs. 77.39 per kilogram" shall be substituted;

(o) in sub-heading No. 5403.90, for the entry in column (4), the entry "Rs. 103.95 per kilogram" shall be substituted;

(p) in sub-heading No. 5404.11, for the entry in column (4), the entry "Rs. 14.42 per kilogram" shall be substituted;

(q) in sub-heading No. 5404.12, for the entry in column (4), the entry "Rs. 10.82 per kilogram" shall be substituted;

(r) in sub-heading No. 5404.13, for the entry in column (4), the entry "Rs. 8.04 per kilogram" shall be substituted;

(s) in sub-heading No. 5404.14, for the entry in column (4), the entry "Rs. 5.54 per kilogram" shall be substituted;

(t) in sub-heading No. 5404.15, for the entry in column (4), the entry "Rs. 5.18 per kilogram" shall be substituted;

(u) in sub-heading No. 5404.16, for the entry in column (4), the entry "Rs. 4.25 per kilogram" shall be substituted;

(v) in sub-heading No. 5404.17, for the entry in column (4), the entry "Rs. 2.96 per kilogram" shall be substituted;

(w) in sub-heading No. 5404.91, for the entry in column (4), the entry "Rs. 22.18 per kilogram" shall be substituted;

(x) in sub-heading No. 5404.92, for the entry in column (4), the entry "Rs. 14.46 per kilogram" shall be substituted;

(y) in sub-heading No. 5404.93, for the entry in column (4), the entry "Rs. 10.35 per kilogram" shall be substituted;

(z) in sub-heading No. 5404.94, for the entry in column (4), the entry "Rs. 8.59 per kilogram" shall be substituted;

(za) in sub-heading No. 5404.95, for the entry in column (4), the entry "Rs. 7.30 per kilogram" shall be substituted;

(zb) in sub-heading No. 5404.96, for the entry in column (4), the entry "Rs. 4.95 per kilogram" shall be substituted;

(zc) in sub-heading No. 5404.97, for the entry in column (4), the entry "Rs. 3.23 per kilogram" shall be substituted;

(zd) in sub-heading No. 5405.00, for the entry in column (4), the entry "Rs. 19.77 per kilogram" shall be substituted;

(ze) in sub-heading No. 5406.19, for the entry in column (4), the entry "Rs. 103.95 per kilogram" shall be substituted;

(zf) in sub-heading No. 5406.90, for the entry in column (4), the entry "Rs. 103.95 per kilogram" shall be substituted;

(zg) in sub-heading No. 5407.00, for the entry in column (4), the entry "Rs. 19.77 per kilogram" shall be substituted;

(18) in Chapter 55,—

(a) in sub-heading No. 5501.10, for the entry in column (4), the entry "Rs. 34.65 per kilogram" shall be substituted;

(b) in sub-heading No. 5501.20, for the entry in column (4), the entry "Rs. 23.10 per kilogram" shall be substituted;

(c) in sub-heading No. 5501.30, for the entry in column (4), the entry "Rs. 9.24 per kilogram" shall be substituted;

(d) in sub-heading No. 5501.90, for the entry in column (4), the entry "Rs. 34.65 per kilogram" shall be substituted;

(e) in sub-heading No. 5502.00, for the entry in column (4), the entry "Rs. 10.50 per kilogram" shall be substituted;

(f) in sub-heading Nos. 5503.12 and 5503.19, for the entry in column (4), the entry "Rs. 9.45 per kilogram or 50% whichever is less" shall be substituted;

(g) in sub-heading No. 5503.20, for the entry in column (4), the entry "Rs. 1.05 per kilogram" shall be substituted;

(h) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs. 10.50 per kilogram" shall be substituted;

(i) in sub-heading No. 5504.29, for the entry in column (4), the entry "Rs. 27.72 per kilogram" shall be substituted;

(j) in sub-heading No. 5504.39, for the entry in column (4), the entry "Rs. 18.90 per kilogram" shall be substituted;

(k) in sub-heading No. 5504.90, for the entry in column (4), the entry "Rs. 27.72 per kilogram" shall be substituted;

(l) in sub-heading No. 5505.41, for the entry in column (4), the entry "1.85 paise per count per kilogram" shall be substituted;

(m) in sub-heading No. 5505.42, for the entry in column (4), the entry "46.20 paise plus 4.62 paise per count per kilogram exceeding 25" shall be substituted;

(n) in sub-heading No. 5505.43, for the entry in column (4), the entry "92.40 paise plus 7.39 paise per count per kilogram exceeding 35" shall be substituted;

(o) in sub-heading No. 5506.29, for the entry in column (4), the entry "Rs. 10.40 per kilogram" shall be substituted;

(19) in Chapter 56, in sub-heading No. 5605.10, for the entry in column (4), the entry "Rs. 111.55 per kilogram" shall be substituted;

(20) in Chapter 58, for NOTE 7, the following NOTE shall be substituted, namely:—

"7. In relation to products of sub-heading Nos. 5802.12 and 5802.14, bleaching, dyeing, printing or any other process or any two or more of these processes shall amount to 'manufacture'";

(21) in Chapter 59, in NOTE 2, after clause (b), the following clause shall be inserted, namely:—

"(c) Textile fabrics, partially or discretely coated with plastic by dot printing process (heading No. 59.03).";

(22) in Chapter 72,—

(a) in sub-heading Nos. 7201.00, 7203.00 and 7204.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(b) in sub-heading No. 7204.90, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(c) in sub-heading No. 7205.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(d) in sub-heading No. 7205.90, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(e) in sub-heading No. 7206.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(f) in sub-heading Nos. 7206.90 and 7207.10, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(g) in sub-heading No. 7207.90, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(h) in sub-heading No. 7208.11, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(i) in sub-heading No. 7208.19, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(j) in sub-heading No. 7208.21, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(k) in sub-heading No. 7208.29, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(l) in sub-heading No. 7208.31, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(m) in sub-heading Nos. 7208.39 and 7208.40, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(n) in sub-heading No. 7208.91, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(o) in sub-heading Nos. 7208.99 and 7209.10, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(p) in sub-heading Nos. 7209.20, 7209.30 and 7209.90, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(q) in sub-heading Nos. 7210.11, 7210.19 and 7210.20, for the entry in column (4), the entry "Rs. 1,800 per tonne" shall be substituted;

(r) in sub-heading No. 7210.30, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(s) in sub-heading No. 7211.11, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(t) in sub-heading No. 7211.19, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(u) in sub-heading No. 7211.21, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(v) in sub-heading Nos. 7211.29 and 7211.30, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(w) in sub-heading No. 7211.41, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(x) in sub-heading No. 7211.42, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;



(y) in sub-heading No. 7211.49, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(z) in sub-heading No. 7211.51, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(za) in sub-heading No. 7211.52, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(zb) in sub-heading Nos. 7211.59 and 7211.60, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(zc) in sub-heading No. 7211.91, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(zd) in sub-heading No. 7211.92, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(ze) in sub-heading No. 7211.99, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(zf) in sub-heading Nos. 7212.11, 7212.19 and 7212.20, for the entry in column (4), the entry "Rs. 1,800 per tonne" shall be substituted;

(zg) in sub-heading No. 7212.30, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(zh) in sub-heading Nos. 7213.10 and 7213.90, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(zi) in sub-heading No. 7214.10, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(zj) in sub-heading Nos. 7214.20 and 7214.90, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(zk) in sub-heading Nos. 7215.30 and 7215.40, for the entry in column (4), the entry "Rs. 1,800 per tonne" shall be substituted;

(zl) in sub-heading Nos. 7215.90 and 7216.10, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(zm) in sub-heading Nos. 7216.30 and 7216.40, for the entry in column (4), the entry "Rs. 1,800 per tonne" shall be substituted;

(zn) in sub-heading No. 7216.60, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(zo) in sub-heading Nos. 7216.90 and 7217.90, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(zp) in sub-heading Nos. 7218.00, 7219.10, 7219.20, 7219.90, 7220.10, 7220.20, 7220.90, 7221.00, 7222.10, 7222.20, 7222.30, 7222.40 and 7223.00, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(zq) in sub-heading No. 7228.82, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(zr) in sub-heading No. 7228.89, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(23) in Chapter 73,—

(a) in sub-heading Nos. 7301.10, 7301.20, 7302.10 and 7302.20, for the entry in column (4), the entry "Rs. 800 per tonne" shall be substituted;

(b) in sub-heading Nos. 7303.00 and 7304.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(c) in sub-heading No. 7304.90, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(d) in sub-heading No. 7305.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(e) in sub-heading No. 7305.90, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(f) in sub-heading No. 7306.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(g) in sub-heading No. 7306.90, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(h) in sub-heading No. 7325.10, for the entry in column (4), the entry "Rs. 300 per tonne" shall be substituted;

(i) in sub-heading No. 7325.30, for the entry in column (4), the entry "Rs. 2,500 per tonne" shall be substituted;

(j) in sub-heading No. 7325.90, for the entry in column (4), the entry "Rs. 1,200 per tonne" shall be substituted;

(24) in Chapter 74, in sub-heading Nos. 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29, 7407.11, 7407.12, 7407.29, 7408.11, 7408.21, 7409.10, 7409.20, 7409.30, 7409.40, 7409.90, 7410.11, 7410.12, 7410.21 and 7410.22, for the entry in column (4), the entry "Rs. 10,000 per tonne" shall be substituted;

(25) in Chapter 76,—

(a) in sub-heading Nos. 7609.00, 7610.10, 7610.90, 7611.00, 7612.11, 7612.12, 7612.13, 7612.19, 7612.91, 7612.92, 7612.93, 7612.99, 7613.10, 7613.20, 7613.30, 7613.90, 7614.10, 7614.90, 7615.10, 7615.20 and 7616.10, for the entry in column (4), the entry "30 per cent." shall be substituted;

(b) in sub-heading No. 7616.90, for the entry in column (4), the entry "35 per cent." shall be substituted;

(26) in Chapter 78,—

(a) in sub-heading Nos. 7801.10, 7801.90 and 7802.00, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(b) in sub-heading Nos. 7803.10 and 7803.29, for the entry in column (4), the entry "Rs. 2,000 per tonne" shall be substituted;

(c) in sub-heading No. 7803.30, for the entry in column (4), the entry "Rs. 1,500 per tonne" shall be substituted;

(d) in sub-heading No. 7804.10, for the entry in column (4), the entry "Rs. 2,000 per tonne" shall be substituted;

(27) in Chapter 79,—

(a) in sub-heading Nos. 7901.10, 7901.20, 7902.00 and 7904.10, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(b) in sub-heading No. 7904.29, for the entry in column (4), the entry "Rs. 6,000 per tonne" shall be substituted;

(c) in sub-heading No. 7904.30, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(d) in sub-heading No. 7905.10, for the entry in column (4), the entry "Rs. 7,500 per tonne" shall be substituted;

(e) in sub-heading No. 7905.90, for the entry in column (4), the entry "Rs. 6,000 per tonne" shall be substituted;

(28) in Chapter 84, in heading No. 84.15, for the entry in column (4), the entry "110% plus Rs. 15,750 per machine" shall be substituted;

(29) in Chapter 85,—

(a) in sub-heading No. 8523.13, for the entry in column (4), the entry "25% plus Rs. 10 per sq. metre" shall be substituted;

(b) in sub-heading No. 8523.14, for the entry in column (4), the entry "25% plus Rs. 40 per cassette" shall be substituted;

(c) in sub-heading No. 8524.23, for the entry in column (4), the entry "30% plus Rs. 10 per sq. metre" shall be substituted;

(d) in sub-heading No. 8524.24, for the entry in column (4), the entry "30% plus Rs. 40 per cassette" shall be substituted;

(e) in sub-heading No. 8528.00, for the entry in column (4), the entry "50%" shall be substituted;

(f) in sub-heading No. 8540.11, for the entry in column (4), the entry "Rs. 1,000 per tube" shall be substituted;

(g) in sub-heading No. 8540.12, for the entry in column (4), the entry "Rs. 300 per tube" shall be substituted;

(h) in sub-heading No. 8546.00, for the entry in column (4), the entry "35%" shall be substituted;

(30) in Section XVII, in NOTE 2, in clause (a), for the figures "40.17", the figures "40.16" shall be substituted;

(31) in Chapter 86, in heading Nos. 86.05, 86.06 and 86.07, for the entry in column (4), the entry "20%" shall be substituted;

(32) in Chapter 87, in heading No. 87.11, for the entry in column (4), the entry "30%" shall be substituted;

(33) in Chapter 89, in sub-heading No. 8908.00, for the entry in column (4), the entry "Rs. 800 per Light Displacement Tonnage" shall be substituted.

## PART II

| Heading No. | Sub-heading No. | Description of goods | Rate of duty |
|-------------|-----------------|----------------------|--------------|
| (1)         | (2)             | (3)                  | (4)          |

In the Schedule to the Central Excise Tariff Act,—

(i) in Chapter 24, after sub-heading No. 2404.50, the following sub-heading shall be inserted, namely:—

“2404.60 -Preparations containing snuff of tobacco in any proportion 12%”;

(2) in Chapter 27,—

(a) for sub-heading Nos. 2713.21 and 2713.22, the following sub-heading shall be substituted, namely:—

“2713.20 -Petroleum bitumen Rs. 160 per tonne”;

(b) for sub-heading Nos. 2714.11 and 2714.12, the following sub-heading shall be substituted, namely:—

“2714.10 -Bitumen and asphalt, straight grade Rs. 160 per tonne”;

(c) for sub-heading Nos. 2715.11 and 2715.12, the following sub-heading shall be substituted, namely:—

“2715.10 -Cut-back bitumen or asphalt Rs. 160 per tonne”;

(3) in Chapter 58, for heading No. 58.06, the following heading shall be substituted, namely:—

|         |  |      |
|---------|--|------|
| “58.06  | OTHER SPECIAL WOVEN FABRICS; NARROW WOVEN FABRICS, NOT ELSEWHERE SPECIFIED OR INCLUDED |      |
| 5806.10 | -Narrow woven fabrics of silk, wool, cotton or man-made textile materials              | 12%  |
| 5806.90 | -Other   | 12%” |

## THE FIFTH SCHEDULE

(See section 38)

## PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) in sub-heading No. 1701.31, for the entry in column (4), the entry "Rs. 25 per quintal" shall be substituted;

(2) in sub-heading No. 1701.39, for the entry in column (4), the entry "Rs. 45 per quintal" shall be substituted;

(3) in sub-heading Nos. 5801.30, 5802.14 and 5804.12, for the entry in column (4), the entry "10% plus Rs. 2.10 per square metre" shall be substituted;

(4) in sub-heading Nos. 5901.20 and 5905.20, for the entry in column (4), the entry "10% plus Rs. 2.10 per square metre" shall be substituted;

## PART II

| Heading No. | Sub-heading No. | Description of goods | Rate of duty |
|-------------|-----------------|----------------------|--------------|
| (1)         | (2)             | (3)                  | (4)          |

In the First Schedule to the Additional Duties of Excise Act,—

(1) after sub-heading No. 2404.50, the following sub-heading shall be inserted, namely:—

"2404.60 -Preparations containing snuff of Nil";  
tobacco in any proportion

(2) after heading No. 58.05, the following heading shall be inserted, namely:—

"58.06 5806.10 -Narrow woven fabrics of silk, wool,  
cotton or man-made textile materials Nil".

## THE SIXTH SCHEDULE

(See section 39)

In the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act, 1955,—

16 of 1955.

(1) in item No. 1,—

(a) against sub-item (i) (a), in the entry in the third column, for the words “rupees six and sixty paise”, the words “rupees ten” shall be substituted;

(b) against sub-item (i) (b), in the entry in the third column, for the words “Rupees six and sixty paise”, the words “Rupees ten” shall be substituted;

(c) against sub-item (ii) (a), in the entry in the third column, for the words “rupees thirteen and twenty paise”, the words “rupees twenty” shall be substituted;

(d) against sub-item (ii) (b), in the entry in the third column, for the words “rupees fifty-two and eighty paise”, the words “rupees eighty” shall be substituted;

(2) in item No. 2,—

(a) against sub-item (ii), in the entry in the third column, for the words “Rupee one and seventy-five paise”, the words “Rupees two and fifty paise” shall be substituted;

(b) against sub-item (iii), in the entry in the third column, for the words “Rupees fifty-two and eighty paise”, the words “Rupees eighty” shall be substituted;

(3) in item No. 3, in the entry in the third column, for the words “Rupees thirteen and twenty paise”, the words “Rupees twenty” shall be substituted;

(4) in item No. 4, in the entry in the third column, for the words “rupees thirteen and twenty paise”, the words “rupees twenty” shall be substituted.



## STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1989-90. The notes on clauses explain the various provisions contained in the Bill.

S. B. CHAVAN.

NEW DELHI;

*The 28th February, 1989.*

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PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND  
274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 3(1)-B(D)/89, dated the 28th February, 1989 from Shri S. B. Chavan, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1989 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1989.

*Notes on clauses*

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1989-90. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1989-90 from income subject to such deduction under the income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1989-90.

*Rates of income-tax for the assessment year 1989-90*

Part I of the First Schedule to the Bill specifies the rates of income-tax on incomes liable to tax for the assessment year 1989-90. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1988, for the purposes of deduction of tax at source from 'Salaries' and for computation of "advance tax" payable during the financial year 1988-89.

As provided by the Finance Act, 1988, the amount of income-tax computed in accordance with the provisions of this Part shall in the case of every person having income exceeding fifty thousand rupees be increased,—

(i) in the case of every person, being a resident, not being an Indian company, by a surcharge for purposes of the Union, and

(ii) in the case of an Indian company, by a surcharge, calculated at the rate of 5 per cent. of such income-tax.

*Rates for deduction of tax at source during the financial year 1989-90 from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rate at which income-tax is to be deducted at source during the financial year 1989-90 from incomes other than "Salaries". These rates are the same as those specified in Part II of the First Schedule to the Finance Act, 1988, for the purposes of deduction of tax at source during the financial year 1988-89. The amount of tax so deducted at source shall be increased,—

(i) in the case where the payment is made to a person, other than a company, resident in India, by a surcharge for purposes of the Union,

(ii) in the case of a person, being a domestic company, by a surcharge,

calculated at the rate of 8 per cent. of such income-tax.

*Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1989-90*

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1989-90.

Sub-Paragraph 1 of Paragraph A of this part specifies the rates of income-tax in the case of every individual or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial judicial person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of Paragraph A or any other Paragraph of Part III applies. In such cases, the rate of income-tax in respect of total income exceeding Rs. 18,000 but not exceeding Rs. 25,000 has been reduced from 25 per cent. to 20 per cent. in relation to the financial year 1989-90.

In the case of every person being an individual, Hindu undivided family, association of persons or body of individuals, being resident in India, co-operative society and local authority, whose total income exceeds fifty thousand rupees and where income-tax is to be deducted at source or "advance tax" is payable in accordance with the provisions of this Part, such amount of income-tax shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent of such income-tax. In the case of domestic companies having a total income exceeding fifty thousand rupees, the amount of income-tax computed in accordance with the provisions of this Part shall be increased by a surcharge calculated at the rate of eight per cent. of such income-tax.

Clause 3 seeks to amend section 2 of the Income-tax Act to insert on *Explanation* at the end of clause (1A) so as to clarify that revenue derived from land shall not include and shall be deemed never to have included any income arising from the transfer of any land referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of this section.

This amendment will take effect retrospectively from 1st April, 1970 and will, accordingly, apply in relation to the assessment year 1970-71 and subsequent years.

Clause 4 seeks to amend section 10 of the Income-tax Act relating to incomes not to be included in the total income.

A scheme to protect persons borrowing foreign currency from public financial institutions from the risks involved in such borrowings on account of fluctuations in exchange rate of foreign currencies is proposed to be evolved by setting up Exchange Risk Administration Fund. The public financial institutions will make suitable contribution to the corpus of the said Fund. The principal repayment obligations of persons borrowing foreign currency from such institutions will be "rupee-tied" at the rates of exchange prevailing on the date of such borrowing. The persons borrowing foreign currencies from such institutions will be required to pay a composite cost in the form of interest and exchange risk premium. The said premium will be required to be credited to the said Fund.

With a view to giving effect to the said scheme, sub-clause (a) seeks to insert a new clause (14A) to exclude from the total income, any income received by a public financial institution as exchange risk premium

from the persons borrowing foreign currency from such institution, provided the amount of such premium is credited by such institution to a fund specified under clause (23E).

This amendment will take effect from 1st April, 1989.

Sub-clause (b) seeks to insert a new item (i) in sub-clause (iv) of clause (15) of section 10 to provide for exemption from income-tax of interest received from Government on deposits made by an employee of the Central Government or a State Government, in accordance with such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, out the moneys due to him on account of his retirement, whether on superannuation or otherwise.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Sub-clause (c) seeks to insert a new clause (23E) to exclude from the total income, any income of such Exchange Risk Administration Fund set up by public financial institutions, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf. The proviso to the new clause specifies a condition in relation to the proposed exemption to say that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a public financial institution, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

This amendment will take effect from 1st April, 1989.

Sub-clause (d) seeks to insert a new clause (26AA) to exempt the income of a person by way of winnings from any lottery the draw of which is held in pursuance of any agreement entered into on or before the 28th day of February, 1989 between the State Government of Sikkim and the organising agents of such lottery where such person is resident in the State of Sikkim in any previous year. The *Explanation* to the new clause clarifies that a person will be deemed to be a resident in the State of Sikkim in accordance with the provisions of clauses (1) to (4) of section 6 of the Act.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 5 seeks to amend section 16 of the Income-tax Act relating to deductions from salaries.

Sub-clause (a) seeks to omit the proviso and *Explanation* 2 in clause (i) so as to remove the restriction on standard deduction to persons provided with a conveyance by the employer.

Sub-clause (b) seeks to insert a new clause (iii) to provide for deduction from salaries on any sum paid by the assessee as a tax on employment within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law.

The proposed amendments will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 6 seeks to amend section 17 of the Income-tax Act relating to definitions of "salary", "perquisite" and "profits in lieu of salary".

It is proposed to insert an *Explanation* to sub-clause (iii) of clause (2) to provide that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place of work or *vice versa* shall not be regarded as a benefit or amenity granted or provided to the assessee so as to be included within the definition of perquisite.

The proposed amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 7 seeks to amend section 32AB of the Income-tax Act relating to Investment Deposit Account.

Under the existing provisions, the deduction is available only to (i) small-scale industrial undertakings, (ii) industrial undertakings, other than small-scale industrial undertakings, not engaged in the business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule, and (iii) any industrial undertaking engaged in the business of leasing or hiring of machinery or plant to an industrial undertaking, other than a small-scale industrial undertaking, engaged in the business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule.

Sub-clauses (a) to (d) seeks to allow deduction under section 32AB to all persons who utilise the amount for the purchase of any new ship, new aircraft, new machinery or plant in an industrial undertaking for the purposes of the business of construction, manufacture or production of any article or thing not specified in the list in the Eleventh Schedule.

Sub-clause (g) seeks to make an amendment of a consequential nature in sub-section (5B).

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Sub-clause (e) seeks to amend sub-section (5A) to clarify that the provisions of new sub-section (5AA) or sub-section (6) shall not be affected in relation to any withdrawals made from the deposit account either before or after the expiry of a period of five years from the date of deposit.

Sub-clause (f) seeks to insert a new sub-section (5AA) to provide that where any amount is withdrawn by the assessee during any previous year in the circumstances specified in clause (a) or clause (d) of sub-section (5A), the whole of such amount shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year, as if

the business had not closed or, as the case may be, the firm had not been dissolved.

Sub-clause (h) seeks to make an amendment of a consequential nature in sub-section (6).

The amendments proposed by sub-clauses (e), (f) and (h) will take effect retrospectively from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 8 seeks to amend section 36 of the Income-tax Act relating to other deductions from profits and gains of business or profession.

The proposed amendment seeks to insert a new clause (x) in sub-section (1) to provide that any sum paid by a public financial institution by way of contribution towards any fund specified under clause (23E) of section 10 shall be allowed as a deduction in the computation of profits and gains of business or profession.

This amendment will take effect from 1st April, 1989.

Clause 9 seeks to amend section 43B of the Income-tax Act relating to allowability of certain sums as deductions only on actual payment.

Sub-clause (a) seeks to substitute the second proviso so as to provide that no deduction shall be allowed unless the sum referred to in clause (b) of section 43B has been paid in cash or by issue of a cheque or draft or by any other mode on or before the due date as defined in sub-section (1) of section 36, and where such payment has been made by cheque or draft, the sum is realised within fifteen days from the due date.

Sub-clause (b) seeks to insert new *Explanation 2* after *Explanation 1* to provide that for the purposes of sub-clause (a), as in force at all material times, "any sum payable" would mean a sum for which the assessee incurred liability in the previous year even though such sum might not have been payable within that year under the relevant law.

Sub-clause (c) seeks to renumber the existing *Explanation 2* and *Explanation 3* as *Explanation 3* and *Explanation 4* respectively.

The amendments proposed by sub-clauses (a) and (c) will take effect from 1st April, 1989 and the amendment proposed by sub-clause (b) will take effect retrospectively from 1st April, 1984, and will accordingly, apply in relation to the assessment year 1984-85 and subsequent years.

Clause 10 seeks to insert a new section 44BBB in the Income-tax Act.

Under the proposed provision, in the case of a foreign company engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof in connection with a turnkey power project approved by the Central Government in this behalf and financed under any international aid programme, a sum equal to ten per cent. of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".



This amendment will take effect from 1st April, 1990, and will accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 11 seeks to amend section 48 of the Income-tax Act relating to mode of computation and deductions.

Sub-clause (i) (a) seeks to insert a new sub clause (ia) in clause (b) of sub-section (2) to provide that in respect of long-term capital gain relating to equity shares of venture capital undertakings, in the case of a company, other than a venture capital company, thirty per cent. of the amount of such gain in excess of ten thousand rupees, or in the case of a venture capital company, sixty per cent. of the amount of such gain in excess of ten thousand rupees, or in any other case, sixty per cent. of the amount of such gain in excess of ten thousand rupees would be eligible for deduction from income chargeable as capital gain.

Sub-clause (i) (b) seeks to amend sub-clause (ii) of clause (b) of sub-section (2) to make an amendment of a consequential nature.

Sub-clause (ii) seeks to insert an *Explanation* in sub-section (2) to define "venture capital company" and "venture capital undertaking". A venture capital company has been defined to mean a company which is engaged in providing finance to venture capital undertakings mainly by way of acquiring equity shares of such undertakings or, if the circumstances so require, by way of advancing loans to such undertakings, and is approved by the Central Government in this behalf. A venture capital undertaking has been defined to mean a company which the prescribed authority may, having regard to the factors specified in clause (b) of the *Explanation*, approve for the purposes of sub-clause (ia) of clause (b) of sub-section (2).

These amendments will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 12 seeks to amend section 54E of the Income-tax Act dealing with capital gain on transfer of capital assets not to be charged in certain cases.

The amendment seeks to insert a new clause (e) in *Explanation 1* to sub-section (1) to provide that in a case where the original asset is transferred after the 31st day of March, 1989, the capital gain will not be charged to tax if the assessee invests or deposits the whole or part of the net consideration in any of the assets specified in clauses (c) and (d) of the *Explanation* and in such debentures or bonds issued by the National Housing Bank established under the National Housing Bank Act, 1987, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 13 seeks to amend section 57 of the Income-tax Act relating to deductions from income chargeable under the head "Income from other sources".

Under the existing provisions of the Income-tax Act, the benefit of standard deduction from salaries is not available to a person receiving family pension, since such pension is chargeable under the head "Income from other sources". The proposed amendment seeks to provide for a standard deduction of a sum equal to thirty-three and one-third per cent. of the family pension or twelve thousand rupees, whichever is less, from the amount of family pension received by a person. The *Explanation* seeks to define the expression "family pension" as a regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of his death.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 14 seeks to amend the provisions of section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, contributions to provided fund, etc.

The amendment seeks to include subscription to any such deposit scheme of the National Housing Bank as the Central Government may, by notification, specify as one of the items qualifying for deduction in computing the total income of an assessee. The amendment also seeks to provide that any repayment of any amount borrowed by the assessee for the purposes of purchase or construction of house property from the National Housing Bank shall qualify for deduction under item (c) of sub-clause (ii) of clause (h) of sub-section (2) of section 80C.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 15 seeks to amend section 80CC of the Income-tax Act, relating to deduction in respect of investment in certain new shares.

Sub-clause (i) seeks to amend sub-section (1) so as to extend the benefit of deduction to investment in the units issued under any scheme of the Unit Trust of India if the amount of subscription to such units is subscribed only to eligible issue of capital as defined in sub-section (3) and sub-clause (ii) seeks to extend the scope of sub-section (3) to cover companies carrying on the business of a hospital.

These amendments will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 16 seeks to insert a new section 80JJ in the Income-tax Act so as to provide for deduction in respect of profits and gains from the business of poultry farming.

The amendment seeks to provide that where the gross total income of an assessee includes any profits and gains derived from business of poultry farming, there shall be allowed, in computing the total income, a deduction of an amount equal to thirty-three and one-third per cent. of the profits and gains derived from such business.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 17 seeks to amend section 80U of the Income-tax Act, relating to deduction from total income in the case of totally blind or physically handicapped resident persons.

Under the existing provisions, the benefit of tax concession under section 80U is available to an individual who is totally blind or permanently physically handicapped subject to the condition that the permanent physical disability has the effect of reducing substantially the capacity to engage in a gainful employment or occupation and is of the nature specified in the rules made by the Board in this behalf. The amount of tax concession available under this provision is in the nature of a deduction of a sum of fifteen thousand rupees from the total income of such individual. This deduction is available if such individual produces a certificate from a registered medical practitioner.

The proposed amendment seeks to extend the benefit of tax concession under this section to individuals who are mentally retarded subject to the condition that the mental retardation has the effect of reducing substantially their capacity to engage in a gainful employment or occupation and is certified as such by a psychiatrist working in a Government hospital. Further, it is proposed to empower the Board to frame rules to specify the extent of mental retardation for the purposes of this section.

These amendments will take effect from 1st April, 1990 and will, accordingly, apply, in relation to the assessment year 1990-91 and subsequent years.

Clause 18 seeks to amend section 115B of the Income-tax Act relating to tax on profits and gains of life insurance business so as to extend the provisions of sub-section (2) to assessment year 1990-91 also.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply, in relation to the assessment year 1990-91 and subsequent years.

Clause 19 seeks to amend section 115J of the Income-tax Act making special provisions relating to certain companies.

Sub-section (i) seeks to insert a new sub-section (1A) to provide that every assessee, being a company shall, for the purposes of section 115J, prepare its profit and loss account for the relevant previous year in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956.

Sub-clause (ii) (a) seeks to make consequential amendment on account of insertion of new sub-section (1A).

Sub-clause (ii) (b) seeks to amend clause (i) of the *Explanation* to provide that, where section 115J is applicable to an assessee in any previous year (including the relevant previous year), the amount withdrawn from reserves created or provisions made after the 1st day of April, 1938

shall not be reduced from the book profit unless the book profit of such year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under the said *Explanation*.

The amendments proposed by sub-clause (i) and sub-clause (ii) (a) will take effect from 1st April, 1989. The amendment proposed by sub-clause (ii) (b) will take effect retrospectively from 1st April, 1988 and will, accordingly, apply to the assessment year 1988-89 and subsequent years.

Clause 20 seeks to insert a proviso in sub-section (1) of section 153 of the Income-tax Act relating to time limit for completion of assessments and re-assessments.

The proposed amendment seeks to provide that in respect of the return filed under sub-section (4) or sub-section (5) of section 139, which relates to the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, no order of assessment shall be made at any time after the expiry of one year from the end of the financial year in which such return is filed.

This amendment will take effect from 1st April, 1989.

Clause 21 seeks to amend section 192 of the Income-tax Act relating to deduction of tax at source from income chargeable under the head "Salaries".

Under the existing provisions of sub-section (2A) of section 192, in the case of an assessee, being a Government servant or an employee in a public sector undertaking, the person responsible for deduction of tax from income chargeable under the head "Salaries" was permitted to accord relief under sub-section (1) of section 89. The proposed amendment seeks to extend this benefit to assesseees who are employees of any company, co-operative society, local authority, University, institution, association or body.

This amendment will take effect from 1st June, 1989.

Clause 22 seeks to amend section 193 of the Income-tax Act relating to deduction of tax at source from income by way of "Interest on securities".

Under the existing provisions, a person responsible for paying any income by way of interest on securities is required to deduct tax at source only at the time of payment of such income.

Sub-clause (a) seeks to provide for deduction of tax at source either at the time of crediting of the said income to the account of the payee or at the time of payment thereof, whichever is earlier.

Sub-clause (b) seeks to amend clause (v) of the proviso to section 193 to increase the limit for non-deduction of tax at source from payments in the nature of interest paid by a company in which the public are substantially interested from the existing level of one thousand rupees to two thousand and five hundred rupees.

Sub-clause (c) seeks to insert an *Explanation* to section 193 whereby credits of any income by way of interest on securities to "Interest payable account", or "Suspense account" or any other account shall be deemed as credits to the account of payee for the purpose of deduction of tax at source.

These amendments will take effect from 1st June, 1989.

Clause 23 seeks to amend section 263 of the Income-tax Act relating to the revision of orders prejudicial to revenue so as to clarify that the provisions of clauses (a), (b) and (c) of the *Explanation* to sub-section (1) thereof shall be deemed to have always been effective.

These amendments will take effect retrospectively from 1st June, 1988.

Clause 24 seeks to amend section 285B of the Income-tax Act to clarify that a producer of a cinematograph film shall deliver the requisite statement containing particulars of all payments of over five thousand rupees in the aggregate made by him to each such person as is engaged by him in the production of such film, whether or not such person is an employee.

This amendment will take effect from 1st June, 1989.

Clause 25 seeks to make certain amendments of a consequential nature in sections 80A and 80P of the Income-tax Act.

Clause 26 seeks to provide that notwithstanding anything contained in the notification of the Government of India in the Ministry of Home Affairs No. S.O. 1028(E), dated the 7th November, 1988, and the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. S.O. 148(E), dated the 23rd February, 1989 in so far as it relates to the commencement of the Income-tax Act, 1961 in the State of Sikkim, the provisions of the Income-tax Act, 1961 will come into force in the State of Sikkim with effect from the previous year relevant to the assessment year commencing on the 1st day of April 1990, and any law corresponding to the Income-tax Act, 1961 which, immediately before such commencement, was in force in the State of Sikkim will be deemed never to have ceased to have effect in relation to the previous year beginning with 1st April, 1988 and ending with the 31st March, 1989 and will continue to be in force for the purposes of levy, assessment and collection of income-tax and for the purpose of imposing any penalty or for any other purpose whatsoever connected with, or incidental to, any of the said purposes under such law.

This clause will take effect from 1st April, 1989.

Clause 27 seeks to amend section 5 of the Wealth-tax Act relating to exemptions in respect of certain assets.

Sub-clause (a)(i) seeks to insert a new clause (xxv) in sub-section (1) so as to provide exemption in respect of right or interest of an assessee in any annuity plan of the Life Insurance Corporation as is referred to in clause (ii) of sub-section (1) of section 80CCA of the Income-tax Act.

This amendment will take effect retrospectively from 1st April, 1988 and will accordingly, apply in relation to the assessment year 1988-89 and subsequent years.



Sub-clause (a) (ii) seeks to insert new clauses (xxviic) and (xxviid) in sub-section (1) to provide for exemption from wealth-tax in respect of deposits made, in accordance with the scheme referred to in item (i) of sub-clause (iv) of clause (15) of section 10 of the Income-tax Act, by any employee of the Central Government or a State Government, and for exemption from wealth-tax on deposits made with the National Housing Bank established under section 3 of the National Housing Bank Act, 1987.

Sub-clause (b) seeks to amend sub-section (1A) so as to restrict the benefit of exemption in relation to deposits made with the National Housing Bank within the aggregate sum of five lakh rupees.

These amendments will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 28 seeks to amend the proviso to sub-section (1) of section 17A of the Wealth-tax Act relating to time limit for completion of assessments and re-assessments.

The proposed amendment seeks to provide that in a case where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991, and where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992.

This amendment will take effect from 1st April, 1989.

Clause 29 seeks to amend section 21AA of the Wealth-tax Act relating to assessment of an association of persons, to exclude a society registered under the Societies Registration Act, 1860, or under any law corresponding to that Act in force in any part of India from the application of that section. This amendment is consequent to a similar amendment made in the Income-tax Act by the Direct Tax Laws (Amendment) Act, 1987.

This amendment will take effect from 1st April, 1989.

Clause 30 seeks to amend section 25 of the Wealth-tax Act relating to powers of the Commissioner to revise orders of subordinate authorities.

It is proposed to amend the *Explanation* to sub-section (2) of section 25 on the lines of similar amendments made in section 263 of the Income-tax Act.

These amendments will take effect retrospectively from 1st June, 1988.

Clause 31 seeks to amend sub-section (1) of section 16A of the Gift-tax Act relating to time limit for completion of assessments and reassessments.

Sub-clause (a) seeks to extend the time limit for completion of the assessment from one year to two years from the end of the assessment year in which the gifts are first assessable.

Sub-clause (b) seeks to substitute the proviso to sub-section (1) to provide that in a case where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991, and where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992.



These amendments will take effect from 1st April, 1989.

Clause 32 seeks to amend section 24 of the Gift-tax Act relating to powers of the Commissioner to revise orders of subordinate authorities.

It is proposed to amend the *Explanation* to sub-section (2) of section 24 on the lines of similar amendments made in section 263 of the Income-tax Act.

These amendments will take effect retrospectively from 1st June, 1988.

Clause 33 seeks to amend section 4 of the Expenditure-tax Act, 1987 to provide for tax at the rate of twenty per cent of the chargeable expenditure in place of the existing rate of ten per cent.

This amendment will take effect from 1st June, 1989.

Clause 34 seeks to amend the Customs Tariff Act, 1975.

Sub-clause (a) of this clause, read with the Second Schedule, seeks to amend the First Schedule to the Customs Tariff Act, 1975, to—

(a) raise the basic customs duty rates on—

- (1) cinnamon and cinnamon-tree flowers;
- (2) cloves (whole fruit, cloves and stems);
- (3) nutmeg, and mace;
- (4) un-denatured ethyl alcohol; spirits; liquors and other spirituous beverages; compound alcoholic preparations of a kind used for the manufacture of beverages;
- (5) copper waste and scrap;
- (6) vincristine sulphate injection;

(b) restructure the basic customs duty rates in respect of ball or roller bearings and parts thereof on specific-cum-ad valorem basis;

(c) incorporate some editorial amendments approved by the Customs Co-operation Council in the legal text of the Harmonised Commodity Description and Coding System (Harmonised System) in order that the First Schedule is in line with the Harmonised System.

Sub-clause (b) of this clause, read with the Third Schedule, also seeks to amend the First Schedule so as to omit heading No. 98.06 relating to parts of machinery, appliances, instruments and articles of Chapters 84 to 86, 89 and 90 of the First Schedule. It also seeks to omit Notes 7 and 8 in Chapter 98 as a consequential amendment.

The amendment made by sub-clause (b) will come into force from a date to be notified by the Central Government.

Clause 35 seeks to levy up to the 31st March, 1990 auxiliary duties of customs on all imported goods at the rate of 50 per cent. of their value.

Clause 36, read with the Fourth Schedule, seeks to amend the Schedule to the Central Excise Tariff Act, 1985, to—

(a) raise the basic excise duty on—

- (1) hydrogenated vegetable fats and oils;
- (2) sugar;

- (3) cut-tobacco;
  - (4) cement;
  - (5) marble slabs;
  - (6) specified types of gases, namely, chlorine, oxygen, carbon dioxide, ammonia;
  - (7) acetylene;
  - (8) sulphonamides;
  - (9) quinine and its salts;
  - (10) certain types of medicaments;
  - (11) polymers of vinyl chloride or of other halogenated olefins, in primary forms;
  - (12) paper and paper board and articles thereof;
  - (13) silk yarn;
  - (14) yarn of wool;
  - (15) man-made filament;
  - (16) man-made staple fibres;
  - (17) metallised yarn of man-made filaments;
  - (18) iron and steel;
  - (19) articles of iron and steel;
  - (20) aluminium and articles thereof;
  - (21) lead and articles thereof;
  - (22) zinc and articles thereof;
  - (23) air-conditioners;
  - (24) video tapes and cassettes;
  - (25) television sets;
  - (26) television picture tubes;
  - (27) electrical insulators of any material;
  - (28) railway rolling stock and parts thereof;
  - (29) two-wheelers;
  - (30) vessels and other floating structures for breaking up;
- (b) prescribe *nil* rate of duty in respect of coal gas, water gas, producer gas and similar gases;
- (c) omit heading No. 22.04 relating to ethyl alcohol suitable for being used as fuel for spark-ignition-engines;
- (d) introduce a new sub-heading in Chapter 24 so as to cover preparations containing snuff of tobacco in any proportion;
- (e) change the Chapter Notes, tariff description and restructure the duty rates in respect of rubber and articles thereof;
- (f) change the Section Notes of Section XI so as to make a minor correction;
- (g) change Chapter Notes in respect of cotton fabrics so as to clarify the scope of the term "manufacture" in relation to certain specified processes.

Clause 37 seeks to levy up to the 31st March, 1990, special duties of excise on all excisable goods at the rate of 5 per cent. of the duty leviable under the Central Excise Tariff Act, 1985.

Clause 38, read with the Fifth Schedule, seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special importance) Act, 1957, to—

(a) raise additional excise duty on—

(1) sugar;

(2) woven jute fabrics and chenille fabrics, tufted textile fabrics of man-made textile materials;

(3) terry fabrics of man-made textile materials;

(4) net fabrics of man-made textile materials;

(b) introduce a new sub-heading in heading No. 24.04 so as to cover preparations containing snuff of tobacco in any proportion;

(c) introduce a new sub-heading No. 5806.10 so as to cover narrow woven fabrics of silk, wool, cotton or man-made textile materials.

Clause 39, read with the Sixth Schedule, seeks to amend the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, so as to raise the duty on allopathic medicinal preparations, medicinal preparations of indigenous system of medicine, homoeopathic preparations and toilet preparations, with some exceptions.

Chapter V (containing clauses 40 to 49) provides for the levy of the inland air travel tax from a date to be notified by the Central Government in the case of inland journey by a passenger in an aircraft.

Clause 41 defines “aerodrome”, “aircraft”, “carrier”, “fare”, “inland journey” and “passenger” used in the Chapter.

Clause 42 provides for the levy of the inland air travel tax on all passengers embarking on inland journeys at the rate of 10 per cent. of the fare paid by such passengers for every such journey. The inland air travel tax will be collected by officers of customs appointed under the Customs Act, 1962, or the Central Excise Officers appointed under the Central Excises and Salt Act, 1944, or such other officers of the Central Government or the State Government or the International Airports Authority of India or the National Airports Authority, or such carriers as may be authorised in this behalf by the Central Government.

Clause 43 provides for rounding off of the inland air travel tax to the nearest rupee.

Clause 44 confers power on the Central Government to grant exemptions (total or partial) from the payment of inland air travel tax.

Clause 46 provides for penalties and adjudication of penalties.

The other clauses of this Chapter deal with incidental and supplemental matters including the power of the Central Government to make rules relating to inland air travel tax.

Clause 50 seeks to amend section 14 of the Central Sales Tax Act, 1956, so as to align the descriptions of certain goods mentioned therein with the descriptions in the Central Excise Tariff Act, 1985.

Clause 51 seeks to amend section 35 of the Finance Act, 1979, so as to raise the rates of the foreign travel tax.

The amendments made by clause 51 will take effect from a date to be notified by the Central Government.

## FINANCIAL MEMORANDUM

Chapter V of the Bill provides for the levy of a new tax to be known as inland air travel tax in respect of inland journeys by passengers in an aircraft.

The new tax will necessitate employment of additional staff in the Customs and Central Excise field formations and the Directorate General of Inspection (Customs and Central Excise). This staff will be required to check the weekly returns, passenger lists and cases relating to refunds or short collections. This is expected to involve a total annual recurring expenditure of about Rs. 20 lakhs. Besides this annual recurring expenditure, non-recurring expenditure of Rs. 5 lakhs is also likely to be incurred.

To the extent the collection of the tax is entrusted to any State Government or the International Airports Authority of India or the National Airports Authority or carriers who may be authorised by the Central Government in this behalf, it will be necessary to incur expenditure for payment of collection charges. The exact expenditure to be incurred for such collection, which will be of a recurring nature, cannot be estimated at this stage.

The provisions of the said Chapter do not involve any other expenditure, whether of a recurring or of a non-recurring nature.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (b) of clause 4 of the Bill seeks to insert a new item (i) in sub-clause (iv) of clause (15) of, and to insert a new clause (23E) in, section 10 of the Income-tax Act relating to incomes not to be included in the total income. The new item (i) enables the Central Government to frame a scheme, by notification in the Official Gazette, in relation to deposits which may be made by any employee of the Central Government or a State Government. The new clause (23E) empowers the Central Government to specify, by notification in the Official Gazette, any Exchange Risk Administration Fund set up by public financial institutions, either jointly or separately, whereupon the income of such Fund will be exempt from income-tax.

Clause 10 of the Bill seeks to insert a new section 44BBB in the Income-tax Act. The said section empowers the Central Government to approve any turnkey power project which is financed under any international aid programme for the purposes of application of the provisions in relation to business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof in connection with such project.

Clause 11 of the Bill seeks to amend sub-section (2) of section 48 of the Income-tax Act. The new clause (a) of the *Explanation* to sub-section (2) empowers the Central Government to approve a venture capital company which is engaged in providing finance to venture capital undertakings mainly by way of acquiring equity shares of such undertakings or, if the circumstances so require, by way of advancing loans to such undertakings. Clause (b) of the said *Explanation* enables the Central Board of Direct Taxes to make rules, by notification in the Official Gazette, to specify an authority which may approve a venture capital undertaking for the purposes of new sub-clause (ia) of clause (b) of sub-section (2), having regard to the factors specified in clause (b) of the said *Explanation*. Further, sub-clause (1) of clause (b) of the *Explanation* empowers the Board to make rules for specifying a higher amount than the existing ten crore rupees specified in that sub-clause, in relation to the total investment in the venture capital undertaking, which may be taken into consideration by the prescribed authority as one of the factors for approving a venture capital undertaking for the purposes of section 48.

Clause 12 of the Bill seeks to insert a new clause (e) in *Explanation* 1 of sub-section (1) of section 54E of the Income tax Act. The new clause (e) empowers the Central Government to specify, by notification in the Official Gazette, debentures or bonds issued by the National Housing Bank which will be treated as "specified asset" for the purposes of the said section.

Clause 14 of the Bill seeks to amend sub-section (2) of section 80C of the Income-tax Act relating to deductions in respect of life insurance premia, contributions to provident fund, etc. The new sub-clause (1a) of clause (h) of sub-section (2) empowers the Central Government to



specify, by notification in the Official Gazette, any deposit scheme of the National Housing Bank the subscriptions to which will qualify for deduction under the said clause (h).

Clause 17 of the Bill seeks to amend section 80U of the Income-tax Act relating to deduction in the case of totally blind or physically handicapped resident persons. The new clause (iii) of sub-section (1) empowers the Central Board of Direct Taxes to make rules, by notification in the Official Gazette, to specify the extent of mental retardation for the purposes of that sub-section, whereupon a person who is subject to such mental retardation will be allowed a deduction of a sum of fifteen thousand rupees in computing his total income. Sub-section (2) of section 80U specifies the factors which the Board shall take into account while making the said rules.

Clause 44 contained in Chapter V relating to inland air travel tax empowers the Central Government to exempt, by notification in the Official Gazette, wholly or to such extent as may be specified in the notification, any class or classes of passengers or any category or categories of passengers under any such class from the payment of inland air travel tax. The guidelines which have to be taken into account for granting exemptions have been spelt out in the clause.

Clause 48 empowers the Central Government to make rules to carry out the provisions of Chapter V. The matters in respect of which rules may be made include collection of inland air travel tax, the charges for collection payable to any State Government or the International Airports Authority of India or the National Airports Authority or carriers, the specification of authorities competent to discharge functions under Chapter V, the adjudication of penalties, manner of payment and collection of tax, penalties or other sums due under Chapter V, powers of officers to enter upon and inspect and search any aircraft, etc., the procedure for adjudication of penalties and appeals against them made under that Chapter.

The aforesaid provisions of the Income-tax Act, the Wealth-tax Act, the Gift-tax Act and Chapter V of this Bill empower the Central Government or the Central Board of Direct Taxes to issue notifications, frame schemes and make rules for the purposes specified in the relevant provisions. The matters in respect of which notifications may be issued or schemes may be framed or rules may be made in accordance with the aforesaid provisions are matters of administrative detail or procedure and it is not practicable to provide for them in the Bill itself.

The delegation of legislative power is, therefore, of a normal character.

SUBHASH C. KASHYAP,  
*Secretary-General.*

